

City of Huntsville, Alabama

Adopted Budget

Fiscal Year 2012 Beginning October 1, 2011



HUNTSVILLE

Tommy Battle
Mayor

City Council

Will Culver
Bill Kling, Jr.
John Olshefski
Mark Russell
Richard Showers, Sr.

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September 30, 2011

To the Citizens of the City of Huntsville, Alabama
Members of the City Council
Members of the City of Huntsville Finance Committee

My Fellow Huntsvillians,

We have much to be thankful for as we enter our fiscal year for 2012. Despite the global economic crisis, our City's finances are a testament to the best practices in strong fiscal management. With a AAA rating from Moodys and Standard & Poor's, the City of Huntsville is well positioned to weather the persistent recession, even with the possibility of a double dip.

Through teamwork, belt-tightening, and common sense, we have pulled together and made difficult choices to keep our City government strong. Our priorities have been to maintain basic services, to prevent layoffs, and to learn to "live on less." It is what we are asking of our citizens, and it is what we must ask of ourselves.

The financial picture for next year is one of cautious optimism. Our revenues are slightly higher than last year, our phone is ringing again with retail and development prospects, and hundreds of new jobs are steadily streaming into our City as a result of the transfer of Army commands through the Defense Base Realignment and Closure Commission.

Therefore, I am pleased to present to you a balanced budget for fiscal year 2012, with modest increases in spending for roads, fleet, and city agencies. The \$228.7 million General Fund budget (from external sources) is higher than last year, but less than our fiscal budget in 2008.

A lean budget does not mean that we are taking our eyes off the future. It is our responsibility to lead, to plan, and to be prepared for growth. Our budget provides for a reorganized and enhanced planning department, streamlined services, and a continued emphasis on roads and infrastructure.

I want to thank our City Administrator, Rex Reynolds, and each of our department heads for their roles in developing a balanced budget that allows us to maximize resources and respect taxpayer dollars. A special thank you to Finance Director Randy Taylor and his department for stewarding us through the budget process.

My gratitude also goes to our City Council members for their work on this budget. Their commitment to a fiscally sound government is critical in the budget process, and they are to be commended for their role in the City's accomplishments.

You may access a complete copy of the budget on the City's website at www.huntsvilleal.gov and at www.huntsvilleal.gov/finance.

This is about your city, your dollars, your investment in the future. As Mayor I appreciate the support we have received from our citizens as we have faced the extraordinary financial challenges of the past three years. We have come together as a community, reconfirmed our priorities, and defined the kind of City we want to be—smart, resourceful, resilient, and still reaching for the stars.

Sincerely,

A handwritten signature in black ink that reads "Tommy Battle". The signature is written in a cursive, flowing style.

Tommy Battle
Mayor

Mayor Battle's Budget Priorities

- Focus on providing principal services during challenging economic times – the 2012 revenue budget is greater than 2011 but smaller than 2008.
- Smart budgeting that braces for a possible double-dip recession.
- Strategically allocate limited resources to meet immediate and long-term needs.
- Manage long-term operating budgets that position the City to operate within its means.
- Maintain the City's dual AAA rating by leveraging community strength in a responsible manner.
- Maintain the respect of citizens and financial industry as a well-managed city government.

Mayor Battle's Budget Objectives

- Maintain current workforce levels and costs.
- Restructure urban planning to position the City to better meet long-term growth needs.
- Fund City fleet needs, especially Sanitation.
- Maintain operational funding at 2011 level.
- Improve funding to primarily City-owned agencies.
- Improve funding for street resurfacing.
- Improve funding of major drainage system maintenance.

Budget Highlights

- Fund employee merit raises, a cost of \$1.3 million.
- Fund 2.0 percent employee cost-of-living raises, a cost of \$2.2 million.
- Fund \$4 million of sanitation fleet needs and \$1 million of other fleet needs.
- Increase street resurfacing from \$2.2 million in 2011 to \$4.4 million in 2012.
- Restore funding for most drainage maintenance, a cost of \$400,000.
- Fund budget shortfalls on ongoing capital projects, such as the North Public Safety Precinct, recreation facilities and public safety communications.
- Maintain General Fund Contingency Reserve at the required level.

Profile of Huntsville

Huntsville is a city centrally located in the northernmost part of the State of Alabama. It is located in Madison County and extends west into neighboring Limestone County. Huntsville is the county seat of Madison County, and the fourth-largest city in Alabama. Huntsville's population was 180,105 according to the 2010 census, a 13.8% increase since 2000. The Huntsville Metropolitan Area's population is estimated to be 417,593.



John Hunt first settled in Huntsville in 1805. It was named Twickenham after Alexander Pope's English home at the request of Leroy Pope. However, the town was renamed "Huntsville" on November 25, 1811, after its first settler. It has grown across nearby hills and along the Tennessee River, adding textile mills, and munitions factories. Since 1950, Huntsville has grown rapidly to become the home of numerous federal activities at adjacent Redstone Arsenal, including NASA's Marshall Space Flight Center, the U.S Army's headquarters for Aviation and Missile Command, Space & Missile Defense Command, and Army Material Command. The National Trust for Historic Preservation named Huntsville to its "America's Dozen Distinctive Destinations for 2010" list.

Today Huntsville is one of the most recognized cities in the Southeast - consistently named as one of the best places to live and work by a variety of national publications. The City is regularly named as a premier location for both business and quality of life. In 2009, Kiplinger's Personal Finance named Huntsville as America's Best City.

Technology, space, and defense industries have a major presence in connection with the Army's Redstone Arsenal, NASA's Marshall Space Flight Center, and Cummings Research Park, the second largest research park in the nation.

Home to several Fortune 500 companies, Huntsville also offers a broad base of manufacturing, retail and service industries. Huntsville's quality of life is second to none - with a variety of educational, recreational, and cultural opportunities.

The City successfully combines the rich heritage of Southern hospitality with innovative high-tech ventures and cultural diversity.

Elected Officials

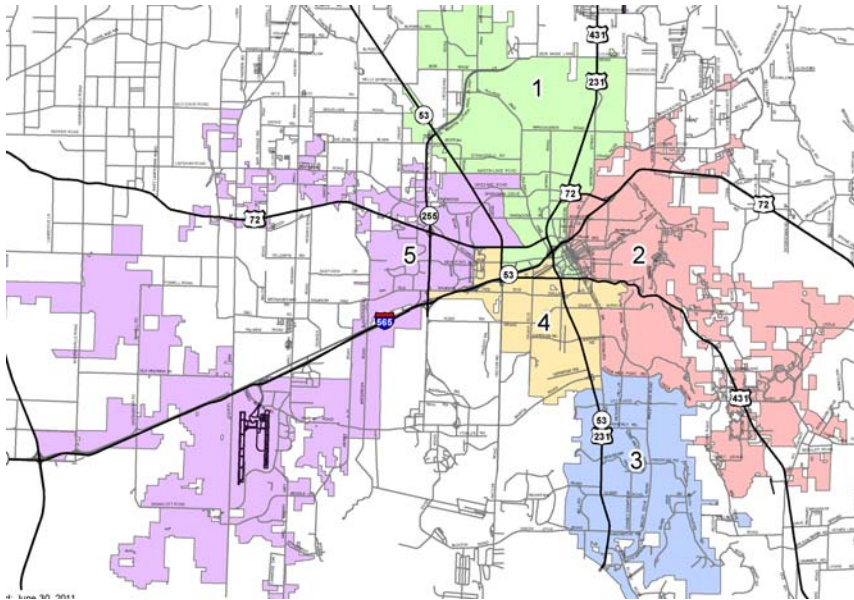
Richard Showers, Sr.
District 1



Tommy Battle, Mayor



Mark Russell
District 2



John Olshefski
District 3



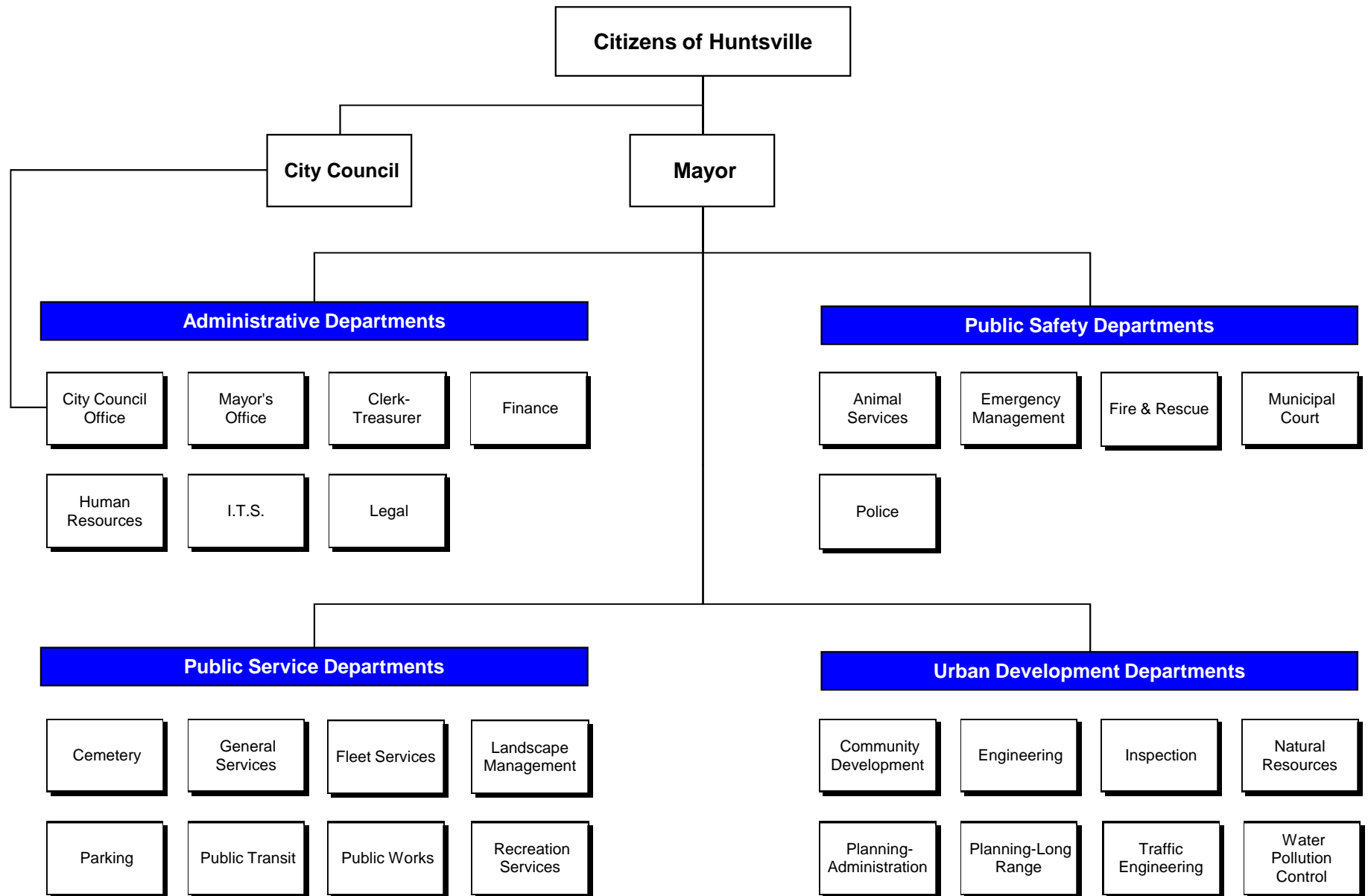
Bill Kling, Jr.
District 4



Will Culver
District 5



City Organizational Chart



Budget Introduction

What is the Budget?

The City of Huntsville provides services to its citizens and business community to improve their quality of life. These services are costly – more than \$400 million in fiscal year 2012. Planning to pay for these services requires the coordinated efforts of the Mayor, the City Council and the management of twenty-eight City departments. The money received by the City from a variety of sources constitutes its *revenue*, and spending for public services is termed *expenditures*. State law requires Huntsville and all Alabama cities to adopt a plan each year that shows expected revenues and expenditures. This plan becomes the City's annual budget.

Under City law, the Mayor proposes the budget to the City Council, outlining revenue, services he believes the City should provide, and their cost. The Mayor must make choices, sometimes difficult ones, and establish priorities; the City cannot realistically afford every improvement suggested.

The Council considers the Mayor's proposed budget, and after careful evaluation and possible changes, adopts the final budget. The adopted budget becomes the City's *spending law and financial roadmap* for the year. The Mayor and City managers must comply with the budget's requirements and limitations.

A Responsible Budget

State law and good business practices require Huntsville to balance its budget. City expenditures should not exceed City revenue and funds on hand. Huntsville's government operates in an ever-changing, complex economy, and since some budget items are based on estimates about the future, the budget includes the risk that actual events will be different than expectations. For example, the cost of 2,000+ employees, the amounts local consumers will spend and pay in sales tax, fuel costs for 1,000+ vehicles, and how much a major road project will cost in property acquisition and construction one year from now all depend on many variables.

Responsible financial management requires City leaders to consider all potential risks to help prevent the City from committing future funds it may not have. Responsible financial management includes adopting a *conservative budget* or plan that is not based on overly optimistic assumptions - revenue higher or expenditures lower than expected.

Huntsville leaders have operated for many years with the philosophy that conservative budgets will lead, more often than not, to surpluses, or money that can be used for public services after it has been received. This is preferable to operating a budget with deficits and having to use financial reserves to cover costs or possibly reduce services.

City managers continually compare actual events to the budget plan, and make adjustments when necessary. During the year, financial reports are provided to City leaders and the public that compare the budget to actual values, and provide information to help City leaders make decisions about possible changes in services and costs. The Mayor and City managers have the authority to make budget adjustments within certain boundaries, generally for the inevitable differences that occur between the estimated and actual costs of routine operations. Significant changes, however, require approval of the City Council.

Money from Budget Year or Future Years?

The costs of most City services are paid from money received during the year, such as payroll and benefits for City employees. Some services, however, are not affordable with current year revenue alone, such as an expensive road improvement. The City will borrow money for these types of expenses, repaying it with funds from future revenue. City leaders make a serious commitment to people and businesses who lend money for these projects, to repay loans with interest on a precise schedule, often over a twenty-year period. Therefore, the City's budget, although it is a one-year plan, must consider financial events over a much longer period.

Responsible financial management especially dictates a conservative approach to borrowing money, ensuring that future leaders and citizens will not be deprived of needed resources because of borrowing decisions influenced by overly optimistic estimates in the current budget.

Long-Term Planning

The budget cannot be solely about providing public services to improve Huntsville's quality of life in the budget year, but also planning for improvements in the future. Many good aspects of life in Huntsville develop slowly and require the combined efforts of city, state and federal governments, businesses and citizens. City leaders plan ahead for these things, and they are reflected in the current budget. Also, for the

Budget Introduction

reasons described above, City lenders expect to see the City's long-term financial plans, which helps to establish their level of confidence in the City's ability to repay their loans.

The City's long-term planning is most evident in the budget through its Ten-Year Capital Improvement Plan and Ten-Year Sewer System Improvement Plan. These plans present the City's assumptions about the revenue over the next ten years and how City leaders propose to spend it. The highest expenditures are for large projects, such as roads, new sewer lines and parks. Long-term plans to upgrade or maintain certain City assets are included too, such as resurfacing streets, improving traffic controls, or keeping sewer plants operating in compliance with legal requirements. Some future City initiatives are not always clear in the budget year, but money is allocated for them in a general manner in the plans, based on experience, with the goal of improving the City's economy and well-being.

The loans and interest payable to City lenders are also shown in the plans. This information, combined with all other expenditures, helps City leaders, the public and lenders understand how much of the City's revenue is committed to repayment of debt.

Money with "Strings Attached"

Some City revenue has "strings attached," which are commonly referred to as *earmarks*. This revenue can only be spent for specific purposes. The restrictions are made by city, state and federal law, and sometimes by legal agreements.

The budget must show this restricted revenue and how it will be spent. City financial reports during the year must also show how restricted revenue was actually spent, to demonstrate that the City has complied with the law.

Reserves for a Rainy Day

As already described, budgets are based on estimates, and the actual results are often different; this is *budget risk*. Sometimes, actual events create differences that are negative, some significantly, and the City's ability to respond to these events may be difficult. The City, like most responsible people and organizations, has a "rainy day fund," or money set aside to help the City continue to provide services and

fulfill commitments when revenue is not adequate. This fund helps protect against budget risk. The budget refers to these as *financial reserves* and *fund balance reserves*.

City Council law requires a precise financial reserve equal to 11.5 percent of expected revenue in its General Fund (see further details on the General Fund in the budget proposal). This translates to about 42 days of primary operating costs the City is required to keep on hand to assist in times of financial crisis.

As a further responsible and practical management practice, the City also keeps cash reserves in its long-term capital plans. These plans include costs to repay City debt and related interest over many years, and, as with primary operating costs, revenue expected by the City to pay these costs can vary. Having reserves provides more financial stability, and creates greater confidence among the public and City lenders. The budget shows all of the City's financial reserves.

Financial Accountability & Transparency

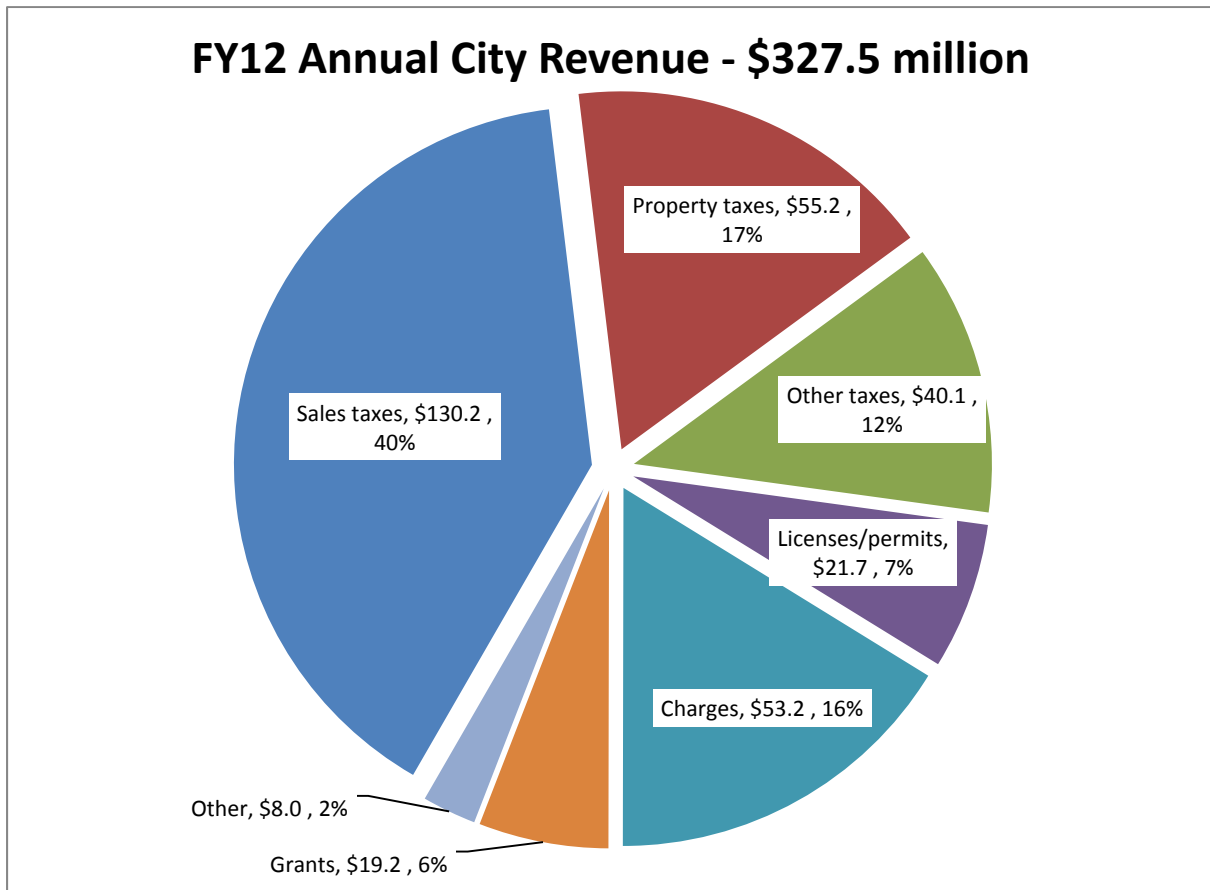
City leaders are accountable to the public and oversight agencies for the money spent by the City. To assist all people in understanding the City's financial activities, this budget and City financial reports are intended to disclose all financial resources available to the City and how those resources will be spent, at the most practical level.

The City is a complex financial organization whose activities are sometimes difficult to communicate in a manner easily understood by everyone. However, all of the information contained in this budget document is intended to promote accountability and transparency, a priority of Mayor Tommy Battle and the Huntsville City Council.

Budget Overview – Revenues of the City

Annual Revenue (collected each year)

The City receives revenue from many outside sources each year, and expects to receive \$327.5 million in 2012, which can be illustrated as follows:



Revenue from Borrowing

In addition to the above annual revenue, the City borrows money every few years for capital projects, and expects to borrow \$67.8 million in 2012.

City Funds

The City divides its revenue into “funds” for the following reasons: (1) to manage restricted revenue, (2) to separate certain City operations and their finances, and (3) to assist with City planning. The four primary funds are:

- General Fund - The largest City fund accounts for the majority of City operating activities.
- Special Revenue Fund - Accounts for most of the City’s restricted revenue, money that must be spent for specific purposes.
- Capital Improvement Fund - Accounts for the Ten-Year Capital Improvement Plan, which includes most of the spending on capital projects.
- Water Pollution Control Fund - Accounts for the activities of the sanitary sewer system, including the Water Pollution Control department.

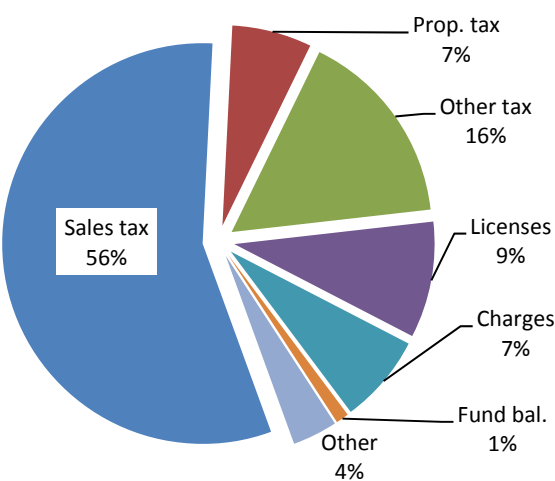
Budget Overview – Funds of the City

Annual external revenue	\$327,538,282
Debt issued	67,881,000
Transfers between funds	25,264,200
Fund balance	3,486,692
Total Revenue Budget FY12	\$424,170,174

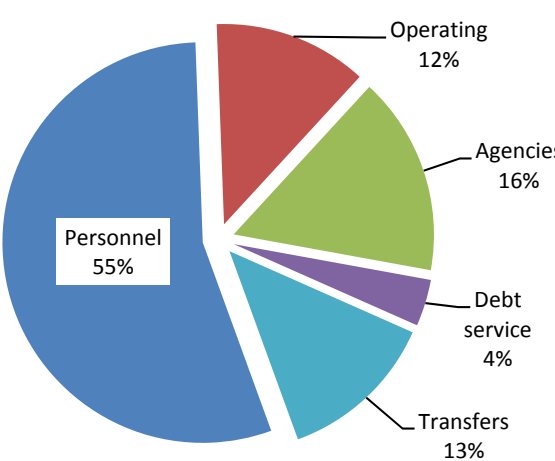
- The four primary funds of the City are shown below. In addition to these, the City maintains three smaller funds that handle other restricted activities:
- Debt Service Fund – receives money from all the City funds and accounts for principal and interest payments to City lenders. Most of the expenditures shown below as “Debt Service” are actually transfers to this fund.
 - Perpetual Care Fund – receives money from cemetery services that must be held in trust for care of City cemeteries.
 - Post-Retirement Health Benefits Trust – money received from the General Fund and retired employees, which must be held in trust for retiree medical benefits.

General Fund

FY12 Revenue - \$231.1 million

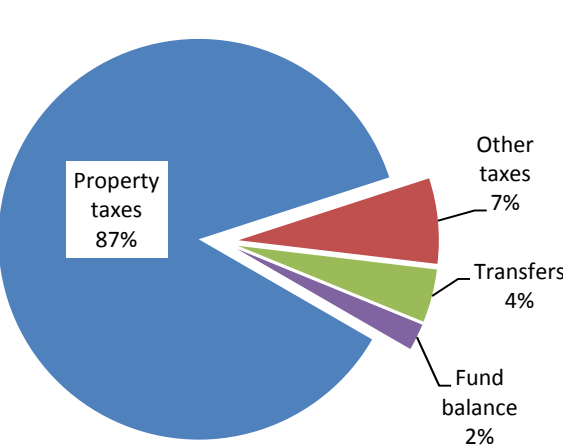


FY12 Expenditures - \$231.1 million

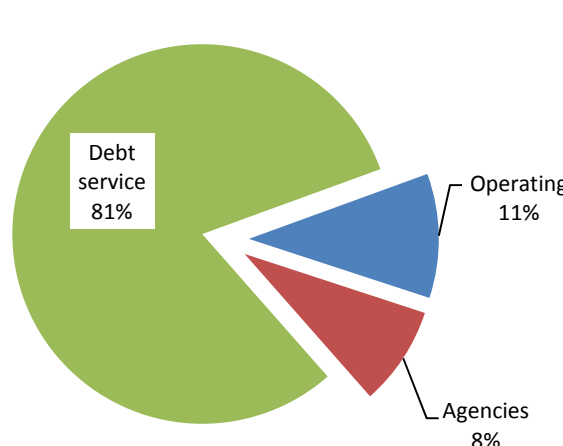


Special Revenue Fund

FY12 Revenue - \$46.5 million

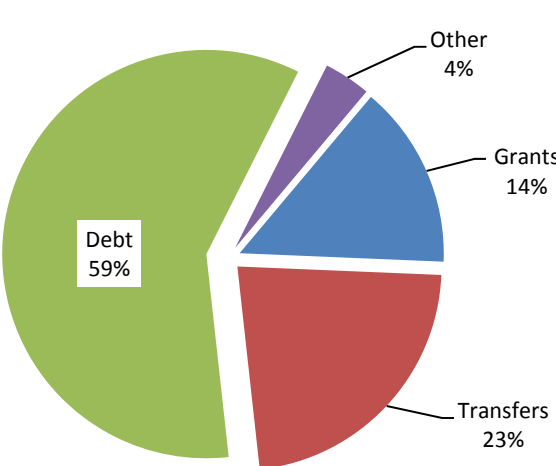


FY12 Expenditures - \$42.4 million

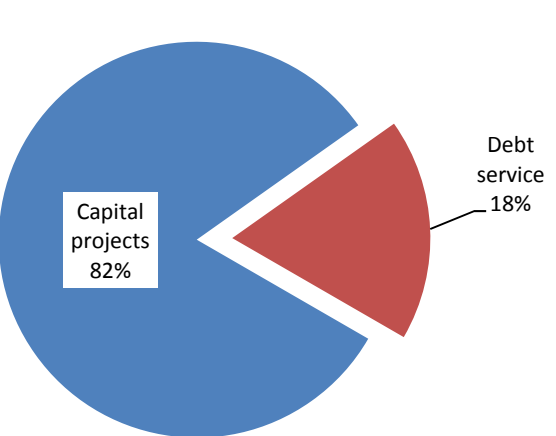


Capital Improvement Fund

FY12 Revenue - \$103.1 million

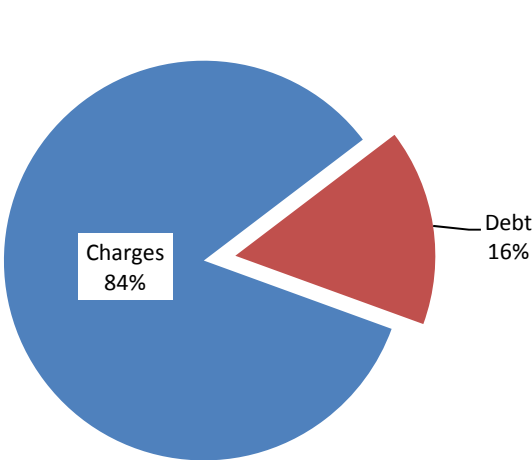


FY12 Expenditures - \$77.2 million

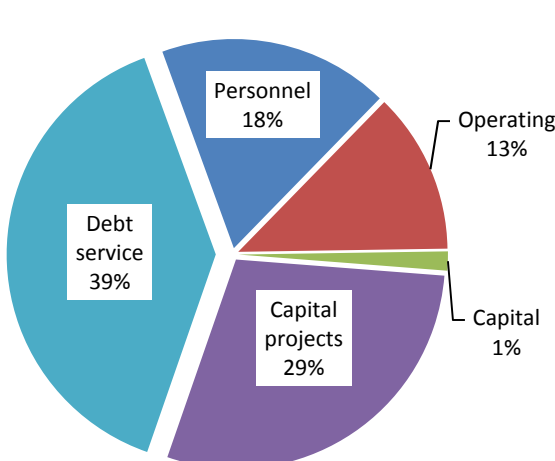


Water Pollution Fund

FY12 Revenue - \$43.4 million



FY12 Expenditures - \$40.9 million



Budget Overview – Summary Budgets of the City Funds

A summary of the revenue and expenditures of the City’s funds for fiscal year 2012 is as follows:

	General Fund			Special Revenue Fund	Capital Improvement Fund	Water Pollution Control Fund	Total Primary Funds	Minor Funds (d)	Total All Funds
	Unrestricted	Restricted (a)	Total	Restricted	Restricted	Restricted			
Revenues									
Taxes and payments in lieu of taxes									
City sales & use tax	\$89,325,300	\$40,832,700	\$130,158,000	\$0	\$0	\$0	\$130,158,000	\$0	\$130,158,000
City property tax	14,855,000	0	14,855,000	40,343,159	0	0	55,198,159	0	55,198,159
Other City taxes	5,386,600	8,544,600	13,931,200	0	0	0	13,931,200	0	13,931,200
City payments in lieu of taxes	20,259,600	0	20,259,600	0	0	0	20,259,600	0	20,259,600
State taxes	2,741,400	0	2,741,400	3,184,700	0	0	5,926,100	0	5,926,100
Licenses & permits	21,693,100	0	21,693,100	0	0	0	21,693,100	0	21,693,100
Charges for services	16,621,058	0	16,621,058	0	0	36,547,500	53,168,558	12,200	53,180,758
Federal & state grants (b)	4,232,620	0	4,232,620	0	15,000,000	0	19,232,620	0	19,232,620
Other revenues	3,077,745	1,108,200	4,185,945	0	3,785,000	0	7,970,945	1,100,000	9,070,945
Debt issued	0	0	0	0	61,031,000	6,850,000	67,881,000	0	67,881,000
Transfers from other funds (c)	0	0	0	1,947,700	23,316,500	0	25,264,200	54,125,073	79,389,273
Fund balance	140,000	2,319,480	2,459,480	1,027,212	0	0	3,486,692	0	3,486,692
Total Revenues	178,332,423	52,804,980	231,137,403	46,502,771	103,132,500	43,397,500	424,170,174	55,237,273	479,407,447
Expenditures									
Personnel	126,629,125	0	126,629,125	0	0	7,282,902	133,912,027	2,700,000	136,612,027
Operating	28,642,791	0	28,642,791	4,472,400	0	5,149,735	38,264,926	0	38,264,926
Departmental capital	791,250	0	791,250	0	0	600,000	1,391,250	0	1,391,250
Agency appropriations	11,262,216	25,626,645	36,888,861	3,572,600	0	0	40,461,461	0	40,461,461
Debt service	0	0	0	0	0	15,972,633	15,972,633	50,621,776	66,594,409
Transfers to other funds (c)	11,007,041	27,178,335	38,185,376	34,401,120	14,024,539	0	86,611,035	0	86,611,035
Capital projects	0	0	0	0	63,156,050	11,865,900	75,021,950	0	75,021,950
Total Expenditures	178,332,423	52,804,980	231,137,403	42,446,120	77,180,589	40,871,170	391,635,282	53,321,776	444,957,058
Net budget	\$0	\$0	\$0	\$4,056,651	\$25,951,911	\$2,526,330	\$32,534,892	\$1,915,497	\$34,450,389

(a) Includes all revenue restricted by state law, except grants, or by local ordinance, including sales tax allocations to the Capital Improvement Fund and Huntsville City Schools.
(b) Expenditures of federal & state grant revenue is included within unrestricted General Fund expenditures, but they are restricted for grant program purposes.
(c) “Transfers from other funds” and “Transfers to other funds” will not match due to transfers to the Community Development Fund and Public Building Authority, which are not included in this budget.
(d) Debt Service Fund, Perpetual Care Fund and Post-Retirement Health Benefits Trust described on the previous page.

General Fund Budget Snapshot

General Fund Budget Objectives

- Fund employee merit raises.
- Fund 2.0 percent employee cost-of-living raises.
- Continue hiring freeze for vacant employee positions based on public service priorities.
- Restore funding for drainage maintenance.
- Fund new management positions in urban development.
- Keep controllable department operating funding level with 2011.
- Partially restore prior cuts to City-owned agencies.

The starting point for developing the City's budget is the prior year's budget. An evaluation is made of all revenue and expenditure accounts, comparing the prior budget to the actual activity occurring during the year. To help understand the current budget, it is useful to show the major changes between the prior budget and the current budget, which are as follows:

FY11 Revenue Budget	\$220,276,320
Budget changes:	
Sales & use taxes	5,214,000
Property taxes	1,235,000
Electric system PILOT	713,700
Gas system PILOT	-761,100
Privilege licenses	-500,700
Building permits	235,200
Sanitation charges	970,900
FTA grant	900,000
Fund balance	2,459,480
All other	394,603
FY12 New Resources	10,861,083
FY12 Revenue Budget	\$231,137,403

FY11 Expenditure Budget	\$220,255,320
Budget changes:	
Personnel	790,091
Operating	1,740,070
Capital	777,800
City agencies	2,034,239
Huntsville City Schools	766,400
Other agencies	546,200
Transfers	4,227,283
FY12 Expenditure Budget	\$231,137,403

General Fund Budget Issues

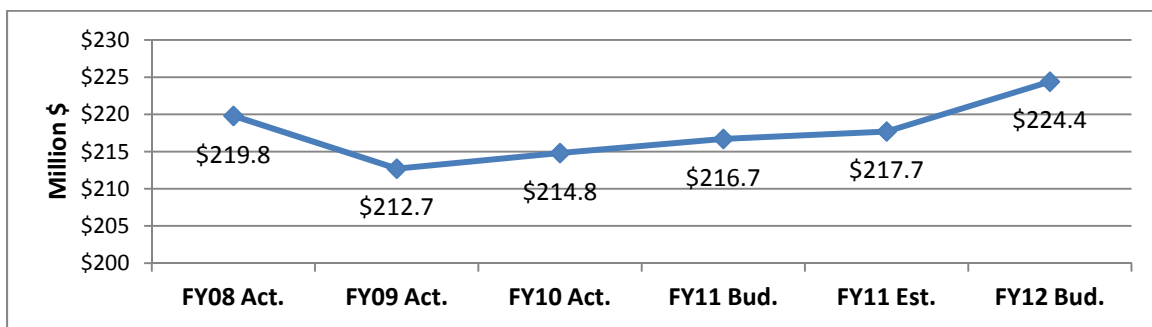
Introduction

The General Fund is the largest of the City's funds, and receives revenue to pay for most of the City's operating activities. All City departments are included in the General Fund, except Community Development and Water Pollution Control. Most of the City's budget risk is found in this fund, because of significant and hard-to-estimate revenue sources, and a large number of costly activities.

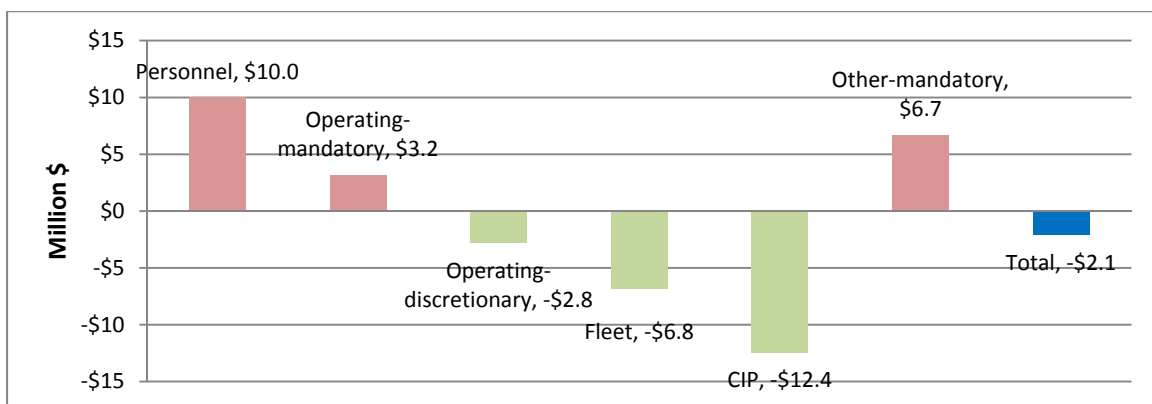
The fund receives a significant amount of revenue that is restricted for specific purposes by law, which is identified in the following pages. General Fund expenditure budgets are categorized as Personnel, Operating, Capital, Special Appropriations, and Transfers, which is the level at which the City Council adopts the budget.

Financial History

The City's budget resources have declined since 2008, the highest point of actual revenues, because of the national recession. Ignoring grants and fund balances, which make comparisons difficult, the revenue history is illustrated as follows:



Certain costs have increased, so others have been decreased to balance the budget. The changes in costs from 2008 to the 2012 budget, ignoring one-time expenditures, can be illustrated as follows:



Summary

The City expects recurring revenue to rise above the 2008 level for the first time since then, but because of the cuts of the past three years, budget pressure will continue for several years as these cuts are restored.

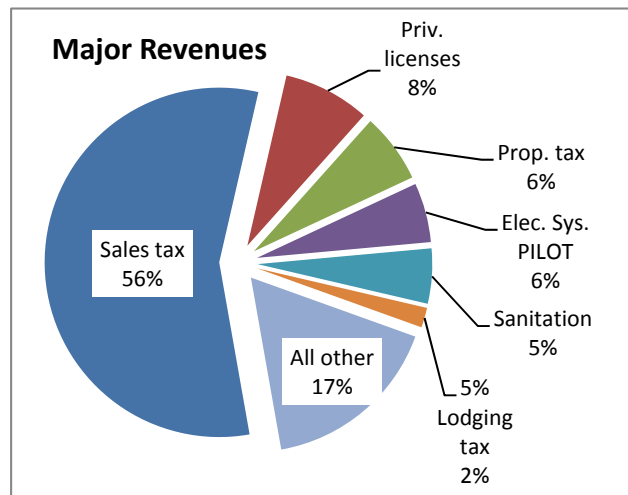
General Fund Revenues

Major Revenues

The General Fund revenue budget is about \$231 million, consisting of about 100 different sources. Six of these sources provide about eighty-five percent of the total, which are illustrated at the right.

The budget is highly dependent on these “Top 6” revenues. Department operations, Huntsville City School funding, and the Ten-Year Capital Improvement plan rely heavily on these resources.

Each of these revenues is explained further below, along with the budget risk associated with each.



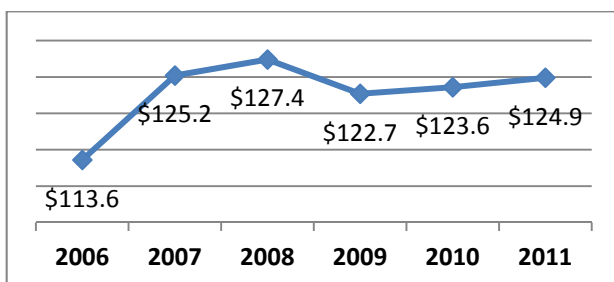
#1 - Sales Tax

The City levies a sales tax by City Council ordinance, which is generally known as tax on the retail purchase of goods in the City. The rate of tax is 3.5 percent, which has not been increased since 1990. The City also levies a “use tax” at the same rate, which is what City consumers pay generally on goods purchased outside of Huntsville, and together these taxes are referred to as “sales taxes.”

Sales taxes are highly variable, because of the numerous economic factors inherent in measuring it.

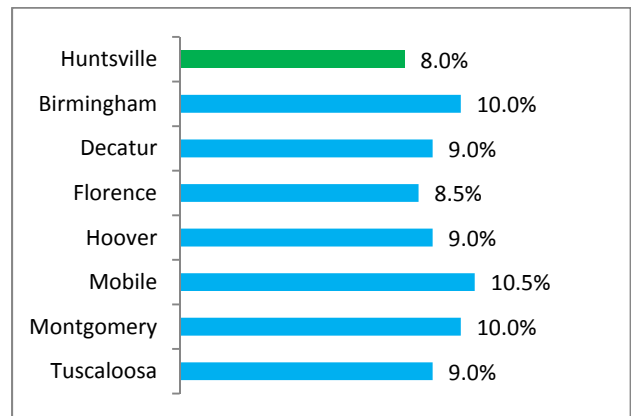
Budget Estimation Risk - High

The City’s variable sales tax history is illustrated as follows (in million \$):

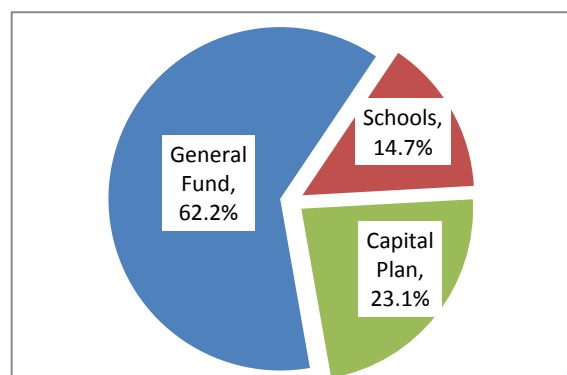


Huntsville sales tax rate is an important component of consumer and business activity. A lower rate than nearby communities attracts business to Huntsville.

Below is a comparison of the total state, county and city tax rates of Alabama communities. Several cities have raised their rate in recent years to cope with budget pressures.



Sales tax revenue is restricted by the City Council for the following illustrated purposes:



General Fund Revenues

#1 - Sales Tax (continued)

For budget purposes, sales tax revenue is projected by first estimating the current year revenue, since the current year is not complete at budget preparation time, then applying a growth rate for the following budget year.

2010 actual revenue	\$123,620,662
2011 estimated growth	2.3%
2011 estimated revenue	\$126,367,400

2012 growth rate	3.0%
2012 budget	\$130,158,000

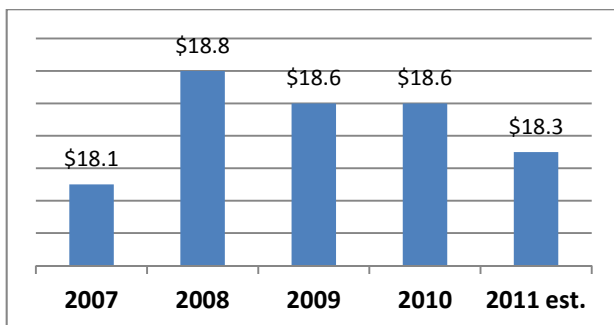
The growth rate used in 2012 of 3.0 percent is a reflection of an economy that continues to strengthen after the recession, combined with the effect of new, higher income jobs relocating to Huntsville in 2009 – 2011. Huntsville is experiencing job losses in relation to federal budget reductions, but a net gain is still expected in job growth.

#2 - Privilege Licenses

The City levies a license fee on business conducted in Huntsville at rates that vary based on business categories. The rates are mostly based on business gross revenue. It can be difficult to predict, but bears some relationship to sales tax trends, one year later, since much of Huntsville's business activity is retail sales. While difficult to predict, risk is lessened since variances are generally not a large dollar amount.

Budget Estimation Risk - Medium

License revenue over the past few years is illustrated as follows (in million \$):

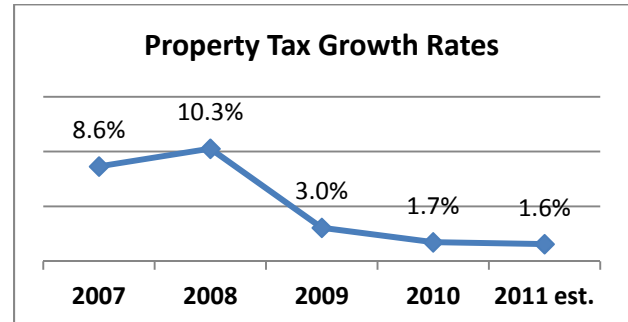


2012 growth rate	1.0%
2012 budget	\$18,512,900

#3 - Property Tax

The City Council levies a 6.5 mill property tax, as authorized by state law. The tax is not restricted. Property tax, unlike sales tax, does not vary much from year to year, but the City has experienced a slowdown in the growth rate in recent years.

Budget Estimation Risk - Low



Taxes are assessed on October 1 each year, but not collected until the next year, so there is delayed effect from economic trends. The 2012 budget includes an additional increase of \$1,079,000 due to the expiration of Tax Increment Financing District 3 in 2012, and the return of tax revenue to the City.

2012 growth rate	1.2%
2012 budget + TIF 3	\$130,158,000

#4 - Electric System PILOT

Huntsville Utilities, a City-owned public utility is composed of three systems – Electric, Gas and Water. Since the Electric System is public, it is not subject to property taxes, but the System pays the City a payment in lieu of taxes (PILOT). This payment is calculated by the System like property taxes.

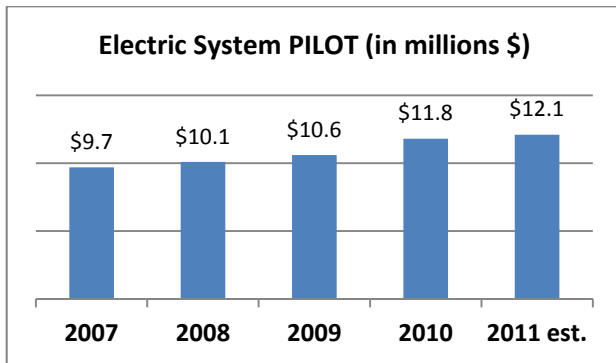
Once the monthly payments are established for a particular year, they continue for the entire year.

Budget Estimation Risk - Low

The collection history for this revenue is shown on the following page.

General Fund Revenues

#4 – Electric System PILOT (continued)



The increasing revenue reflects the continued expansion and improvement of the electric system in Huntsville.

2012 growth rate	5.0%
2012 budget	\$ 12,712,800

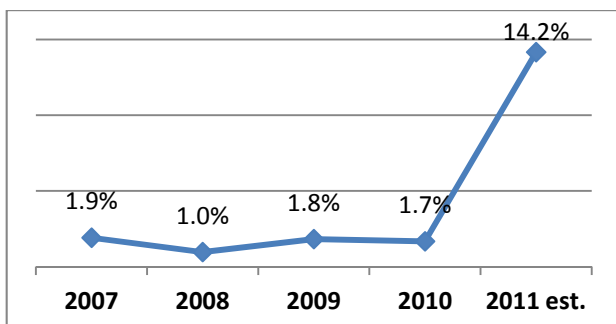
#5 – Sanitation Charges

The City charges City residents a monthly fee for the collection of garbage and trash. The rate is set by City Council ordinance and is currently \$16.50 per month, although discounts are provided for households meeting lower-income requirements,

The sanitation rate was last increased \$2.00 per month on January 1, 2011, the first increase since 1999. The revenue is to pay the costs of operating the sanitation division of the City's Public Works Department.

Budget Estimation Risk - Low

Sanitation charges also increase as the number of City households increase. The combination of household increases and rate increases provides the following growth trend:



The increase in the 2012 includes 2011 trends, and that three months of the 2011 rate increase will show up in the first quarter of 2012.

2012 growth rate	3.6%
2012 budget	11,763,900

#6 – 5% Lodging Taxes

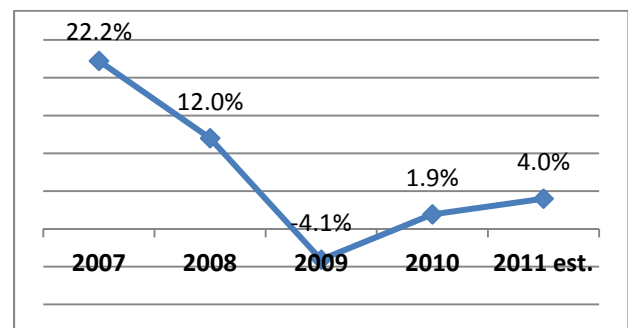
The City levies a total of 6% lodging taxes on local hoteliers. 5% is separated from the other 1% due to City Council restrictions.

The 5% tax is restricted for the tourism development, and is not a source of revenue for City operations, but it is a large source of revenue.

Lodging taxes are difficult to predict because of numerous economic factors, but the budget risk is lessened because variances are not a significant dollar amount.

Budget Estimation Risk - Low

The growth rate in lodging taxes over the past several years is illustrated as follows:



The 2012 budget is based on conservative growth rates in a strengthening economy. Although the budget risk is low, conservatism is especially important to the City-owned agencies that receive a portion of this revenue, so that the risk of overpayments are reduced.

2012 growth rate	2.0%
2012 budget	\$ 4,247,000

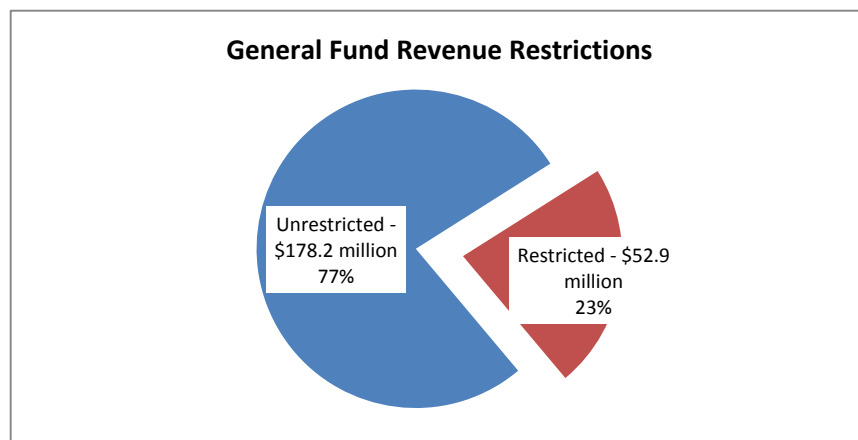
General Fund Revenues

Restricted Revenue

As explained in several sections, some City revenue is restricted; it must be used for specific purposes by law. The General Fund restrictions are generally imposed by City Council ordinance, as revenue restricted by other means is generally included in the Special Revenue Fund. The restricted General Fund revenues are as follows:

Revenue	Restriction	2012 Amount
Sales Taxes	The General Fund must transfer 23.1 percent to the Capital Improvement Fund, a key revenue for funding the City's Ten-Year Capital Improvement Plan. The City Council can change the allocation, and this was done in 2010-2012 to help balance the General Fund budget (capital projects were reduced). The reduced allocation is shown as a negative at the right.	30,066,500 -8,400,000
	The General Fund must transfer 14.7 percent to the Huntsville Board of Education for any school purpose.	19,166,200
Liquor /5% Lodging Taxes	The General Fund must use 100% of these taxes for tourism development. Several City-owned agencies, including the Von Braun Center and Huntsville Convention & Visitors Bureau use transfers from the City to fund operating costs. The City also constructs facilities meeting the tourism requirement, and pays debt service when money is borrowed for this purpose.	8,726,112
1% Lodging Tax	The General Fund must use 100% of this tax for recreation projects. The City primarily pays debt service on recreation facilities with this tax, but will also use the revenue for recreation projects paid from the General Fund or Capital Improvement Fund.	2,137,968
Corrections Revenue	The City assesses a special court cost that must be used by state law for the construction of jail facilities. The City pays debt service related to its Municipal Justice and Public Safety Complex with this revenue.	1,108,200
Grant Revenue	Since most federal and state grant programs are linked to General Fund operational activities (e.g. police, fire and public transit), grant revenue is included in the General Fund, as unrestricted revenue.	n.a.
Total Restrictions		\$52,804,980

An illustration of the restricted portion of the General Fund budget is shown below. It indicates the amount of flexibility the City has, under current ordinances, to use revenue for City operating activities.



General Fund Revenues

General Fund Revenue Details

Revenue	2011 Budget	2011 Estimate	2012 Budget	2012 Change	2012 Change %
Taxes	\$174,322,200	\$176,025,600	\$181,945,200	\$7,623,000	3.4%
City taxes	151,796,400	153,716,900	158,944,200	7,147,800	3.4%
SALES & USE TAX	124,944,000	126,367,400	130,158,000	5,214,000	3.0%
6.5 MILL PROPERTY TAX	13,620,000	13,639,200	14,855,000	1,235,000	8.9%
5% LODGING TAX	4,095,000	4,164,000	4,247,000	152,000	2.0%
CITY RENTAL TAX	2,683,400	2,711,300	2,738,400	55,000	1.0%
LIQUOR TAX	2,077,000	2,338,000	2,385,000	308,000	2.0%
CITY TOBACCO TAX	1,350,900	1,390,000	1,403,900	53,000	1.0%
CITY GASOLINE TAX	1,049,800	1,059,400	1,070,000	20,200	1.0%
LODGING SURCHARGE	1,010,000	1,042,000	1,063,000	53,000	2.0%
2003 1% LODGING TAX	807,200	833,000	849,600	42,400	2.0%
CITY WHOLESALE WINE TAX	159,100	172,600	174,300	15,200	1.0%
Payments in lieu of tax	19,760,500	19,594,300	20,259,600	499,100	3.4%
ELECTRIC SYSTEM P.I.L.O.T	11,999,100	12,107,400	12,712,800	713,700	5.0%
STATE TVA P.I.L.O.T.	2,734,400	3,139,300	3,170,700	436,300	1.0%
GAS SYSTEM P.I.L.O.T.	3,640,700	2,851,100	2,879,600	(761,100)	1.0%
WATER SYSTEM P.I.L.O.T	1,305,500	1,416,500	1,416,500	111,000	0.0%
CTY MISC P.I.L.O.T.	80,800	80,000	80,000	(800)	0.0%
State tax	2,765,300	2,714,400	2,741,400	(23,900)	1.0%
STATE BEVERAGE TAX	1,783,200	1,673,700	1,690,400	(92,800)	1.0%
STATE CORPORATE SHARES TAX	507,900	510,500	515,600	7,700	1.0%
STATE TOBACCO TAX	281,300	271,800	274,500	(6,800)	1.0%
STATE LIQUOR SALES TAX	161,100	164,200	165,800	4,700	1.0%
STATE A B C STORE PROFITS TAX	4,200	50,900	51,400	47,200	1.0%
STATE SEVERANCE TAX	27,600	43,300	43,700	16,100	0.9%

General Fund Revenues

General Fund Revenue Details

Revenue	2011 Budget	2011 Estimate	2012 Budget	2012 Change	2012 Change %
Licenses and permits	21,907,600	21,484,700	21,693,100	(214,500)	1.0%
Building permits	2,059,100	2,293,800	2,316,700	257,600	1.0%
BUILDING PERMITS	1,459,800	1,678,200	1,695,000	235,200	1.0%
ELECTRICAL PERMITS	346,500	363,900	367,500	21,000	1.0%
MECHANICAL PERMITS	113,300	111,900	113,000	(300)	1.0%
PLUMBING PERMITS	83,100	80,400	81,200	(1,900)	1.0%
GAS PERMITS	56,400	59,400	60,000	3,600	1.0%
Privilege	19,013,600	18,329,600	18,512,900	(500,700)	1.0%
PRIVILEGE LICENSES	19,013,600	18,329,600	18,512,900	(500,700)	1.0%
Other	834,900	861,300	863,500	28,600	0.3%
AUTOMOBILE LICENSES	723,500	758,200	765,800	42,300	1.0%
SIGN PERMITS	31,400	34,600	34,900	3,500	0.9%
TITLE V AIR POLLUTION PERMIT FEES	29,400	22,900	20,000	(9,400)	-12.7%
AIR POLLUTION CONTROL PERMIT FEES	31,300	23,600	20,000	(11,300)	-15.3%
BLASTING PERMIT FEES	19,300	19,200	20,000	700	4.2%
INSPECTION APPLICATION FEES	0	2,800	2,800	2,800	0.0%
Charges for Services	16,222,300	16,160,300	16,621,058	398,758	2.9%
Recreation	688,400	654,600	661,200	(27,200)	1.0%
NATATORIUM REVENUE	131,100	156,700	158,300	27,200	1.0%
METRO SPORTSPLEX	122,900	121,300	122,500	(400)	1.0%
RECREATION REV - SHOWERS CTR	103,000	77,300	78,100	(24,900)	1.0%
AQUATIC CENTER	80,000	54,500	55,000	(25,000)	0.9%
MERRIMACK PARK REVENUE	70,700	52,600	53,100	(17,600)	1.0%
JAYCEES COMMUNITY BUILDING	28,300	31,500	31,800	3,500	1.0%
RECREATION REV - SHOWERS CTR POOL	36,400	30,300	30,600	(5,800)	1.0%
WESTSIDE RECREATION CENTER&GYM	100	29,800	30,100	30,000	1.0%

General Fund Revenues

General Fund Revenue Details

Revenue	2011 Budget	2011 Estimate	2012 Budget	2012 Change	2012 Change %
RECREATION RECEIPTS	15,900	16,500	16,700	800	1.2%
BERACHAH GYM	5,500	15,900	16,100	10,600	1.3%
BRAHAN SPRING RECREATION CENTER	13,100	14,700	14,800	1,700	0.7%
OPTIMIST RECREATION CENTER	18,200	12,400	12,500	(5,700)	0.8%
NEIGHBORHOOD SERVICES	10,600	8,400	8,500	(2,100)	1.2%
MAX LUTHER DRIVE REC CENTER	10,700	6,000	6,100	(4,600)	1.7%
ZONE 2	3,100	5,000	5,100	2,000	2.0%
CAVALRY HILL RECREATION CENTER	100	5,000	5,100	5,000	2.0%
SCRUGGS RECREATION CENTER	13,900	5,000	5,100	(8,800)	2.0%
METRO REC REVENUE	5,200	3,600	3,600	(1,600)	0.0%
FERN BELL RECREATION CENTER	5,800	3,600	3,600	(2,200)	0.0%
ZONE 1	2,400	2,400	2,400	0	0.0%
LAKEWOOD RECREATION CENTER	8,000	1,300	1,300	(6,700)	0.0%
COMMUNMITY EVENTS	2,800	500	500	(2,300)	0.0%
ZONE 3	600	300	300	(300)	0.0%
Sanitation	10,793,000	11,352,400	11,763,900	970,900	3.6%
SANITATION CHARGES	10,793,000	11,352,400	11,763,900	970,900	3.6%
Transit	356,800	326,000	340,258	(16,542)	4.4%
TRANSIT SHUTTLE FARES	141,500	149,500	145,031	3,531	-3.0%
TRANSIT HANDI-RIDE FARES	126,300	127,100	133,954	7,654	5.4%
TRANSIT MADISON CONTR DISP SVC	37,900	11,300	25,000	(12,900)	121.2%
TRANSIT MHC HANDI-RIDE CONTRACT	19,700	21,200	20,000	300	-5.7%
TRANSIT UAH CAMPUS SHUTTLE	25,300	10,900	11,573	(13,727)	6.2%
TRANSIT NON FTA /OTHER REVENUE	6,100	6,000	4,700	(1,400)	-21.7%
Parking	2,089,100	1,905,900	1,925,000	(164,100)	1.0%
PARKING SPACE FEES	1,932,700	1,766,000	1,783,700	(149,000)	1.0%
PARKING METER COLLECTIONS	156,400	139,900	141,300	(15,100)	1.0%

General Fund Revenues

General Fund Revenue Details

Revenue	2011 Budget	2011 Estimate	2012 Budget	2012 Change	2012 Change %
Other	2,295,000	1,921,400	1,930,700	(364,300)	0.5%
HSV CITY SCHOOLS SRO PAYMENT	1,000,000	1,000,000	1,000,000	0	0.0%
ANIMAL CONTROL RECEIPTS	651,000	485,500	490,400	(160,600)	1.0%
CEMETERY RECEIPTS	177,800	195,900	197,900	20,100	1.0%
POLICE REPORT FEES	198,000	176,300	178,100	(19,900)	1.0%
MAPS & ZONING	28,900	34,400	34,700	5,800	0.9%
POLICE DEPARTMENT ALARM FEES	239,300	29,300	29,600	(209,700)	1.0%
Fines	3,158,900	2,955,500	2,985,100	(173,800)	1.0%
MUNICIPAL COURT FINES	1,913,500	1,748,500	1,766,000	(147,500)	1.0%
1996 COURT COSTS REVENUE - JAIL	1,111,000	1,097,200	1,108,200	(2,800)	1.0%
PARKING METER FINES	134,400	109,800	110,900	(23,500)	1.0%
Money & property	532,000	561,400	566,900	34,900	1.0%
INTEREST REVENUE	311,800	358,400	362,000	50,200	1.0%
RENT REVENUE	210,100	193,000	194,900	(15,200)	1.0%
STADIUM RECEIPTS	10,100	10,000	10,000	(100)	0.0%
Other Revenue	4,133,320	4,270,380	4,866,565	733,245	14.0%
Grants	3,527,120	3,789,680	4,232,620	705,500	11.7%
TRANSIT - FTA GRANT REVENUE	1,400,000	1,400,000	2,300,000	900,000	64.3%
COPS HIRING 2009-RJ-WX-0006 6/30/12	690,440	932,800	690,440	0	-26.0%
FEMA EMW-2008-FF-00860 97.044 4/14	780,180	780,180	485,480	(294,700)	-37.8%
ALDOT UMPL,PLN PLANNING 9/30/05	223,000	223,000	300,000	77,000	34.5%
EMPG AEMA 08-EMPG-47 3/31/09	115,000	115,000	123,000	8,000	7.0%
SEC 105 AIR POLLUTION GRANT	115,000	115,000	115,000	0	0.0%
TVA AEMA TV-62313A	75,000	80,200	80,200	5,200	0.0%
EMA-MADISON COUNT APPROPRIATION	35,000	50,000	50,000	15,000	0.0%
CITY OF MADISON APPROPRIATION	48,500	48,500	48,500	0	0.0%
US ENVIROMENTAL SEC 103 PM97474103	45,000	45,000	40,000	(5,000)	-11.1%

General Fund Revenues

General Fund Revenue Details

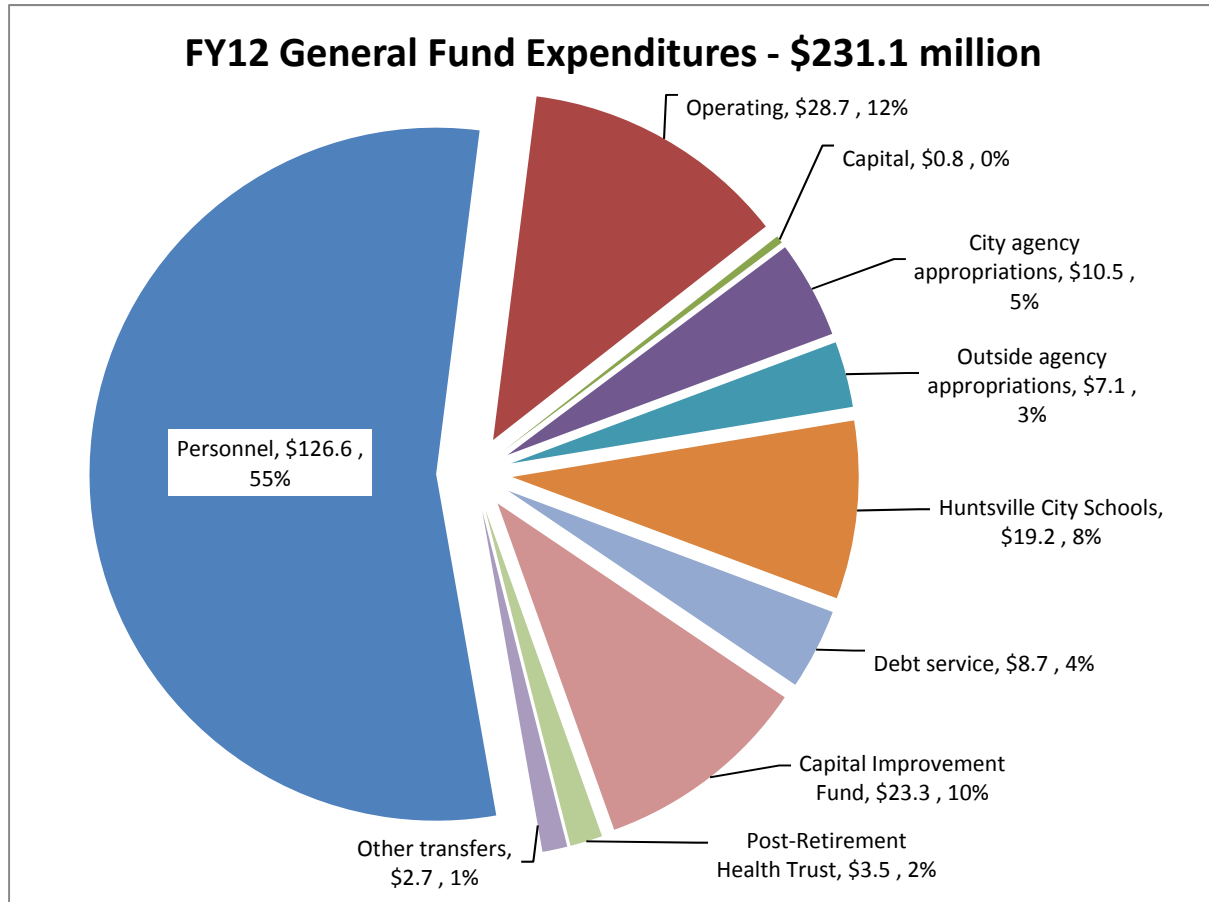
Revenue	2011 Budget	2011 Estimate	2012 Budget	2012 Change	2012 Change %
Other	606,200	480,700	633,945	27,745	31.9%
STATE DRUG TESTING	13,500	22,300	148,500	135,000	565.9%
STATE COURT REFERRAL OFFICER	121,200	122,800	124,000	2,800	1.0%
ALDOT COOP ROW MAINTENANCE	101,000	100,000	100,000	(1,000)	0.0%
ADVERTISING REVENUE	7,300	55,000	78,945	71,645	43.5%
STATE DEFENSIVE DRIVING FEES	83,100	66,300	67,000	(16,100)	1.1%
MISCELLANEOUS REVENUE	107,600	31,400	31,700	(75,900)	1.0%
STATE HIGHWAY INTOXICATION II	97,900	30,700	31,000	(66,900)	1.0%
STATE SERIOUS TRAFFIC OFFENDERS	24,200	16,600	16,800	(7,400)	1.2%
STATE SUPERVISED PROBATION	5,700	16,100	16,300	10,600	1.2%
STATE HIGHWAY INTOXICATION SEMINAR	22,000	7,700	7,800	(14,200)	1.3%
RETURNED CHECK CHARGES	8,500	6,900	7,000	(1,500)	1.4%
BACKGROUND INVESTIGATION FEE	2,400	2,600	2,600	200	0.0%
STATE MUNI CRT MISC REVENUE	5,900	1,600	1,600	(4,300)	0.0%
STATE WORK FURLOUGH	2,300	400	400	(1,900)	0.0%
STATE LEVEL II OR SPANISH VERSION	200	200	200	0	0.0%
STATE LEVEL 1 OR YOUTH AND JUVENILE	100	100	100	0	0.0%
COURT SAFETY CITY FEES	800	0	0	(800)	n.a.
STATE ELECTRONIC MONITORING	2,500	0	0	(2,500)	n.a.
Fund balance	0	0	2,459,480	2,459,480	n.a.
UNRESTRICTED	0	0	140,000	140,000	n.a.
TOURISM	0	0	1,031,112	1,031,112	n.a.
RECREATION PROJECTS	0	0	1,288,368	1,288,368	n.a.
Grand Total Budget	\$220,276,320	\$221,457,880	\$231,137,403	\$10,861,083	4.3%

General Fund Reserves

City Council ordinance requires the General Fund to keep a reserve of 11.5 percent of revenue, not including grants. The reserve requirement has been met in 2011, and the \$25.8 million requirement is expected to be met on October 1, 2012.

General Fund Expenditures

The City spends the General Fund revenue it receives on numerous things, which is estimated to be \$231.1 million in fiscal year 2012, and is illustrated as follows:



Budget Process

While the revenue budget for the new budget year is based on estimated revenues for the current year, expenditures budgets are based on the known cost trends and spending plans in the budget year. The costs of known public services exceeds revenue, so expenditure planning is critical to achieving a balanced budget.

The ability of City leaders to influence costs depends on varying factors, and examples of some important budget issues concerning this are as follows:

- Personnel –most important City resource, changes to which directly affect public service.
- Personnel health care – a function of employee wellness and health cost trends.
- Fuel costs – most volume is for fixed service levels (police, sanitation) with a volatile cost.
- Utilities – market based rates, dependent on weather and public use of facilities.
- Debt service – fixed based on legal agreements.
- Agency appropriations – key public services affected by changes in funding.

General Fund Expenditures

Changes in Expenditures

The changes in General Fund expenditures in 2012 are as follows:

	Unrestricted Money	Restricted Money	Total
FY11 Expenditure Budget	\$171,414,220	\$48,841,100	\$220,255,320
Personnel			
2011 merit raise	2,711,958	0	2,711,958
2012 merit raise	1,347,780	0	1,347,780
2012 C.O.L.A.	2,121,786	0	2,121,786
Retirement rate change	-1,228,190	0	-1,228,190
Health care costs	-1,853,748	0	-1,853,748
Deleted positions	-123,450	0	-123,450
New positions	280,517	0	280,517
Vacancy savings	-2,279,422	0	-2,279,422
All other changes	-187,140	0	-187,140
Total	790,091	0	790,091
Operating			
Fuel costs	1,150,330	0	1,150,330
Uniform increases (50%)	134,910	0	134,910
Outside legal fees	295,000	0	295,000
Travel increase (50%)	71,490	0	71,490
All other changes	88,340	0	88,340
Total	1,740,070	0	1,740,070
Capital			
Public Transit (80% grant-funded)	777,800	0	777,800
Total	777,800	0	777,800
City Agencies			0
Burritt Museum	-34,564	78,804	44,240
Burritt Museum - new construction	0	1,165,556	1,165,556
Convention & Visitors Bureau	0	184,710	184,710
Early Works Museums	-35,960	102,400	66,440
Library	200,050		200,050
Museum of Art	-95,100	181,100	86,000
Tennis Center	10,270		10,270
Von Braun Center	0	276,973	276,973
Total	44,696	1,989,543	2,034,239
Huntsville City Schools – sales tax	0	766,400	766,400

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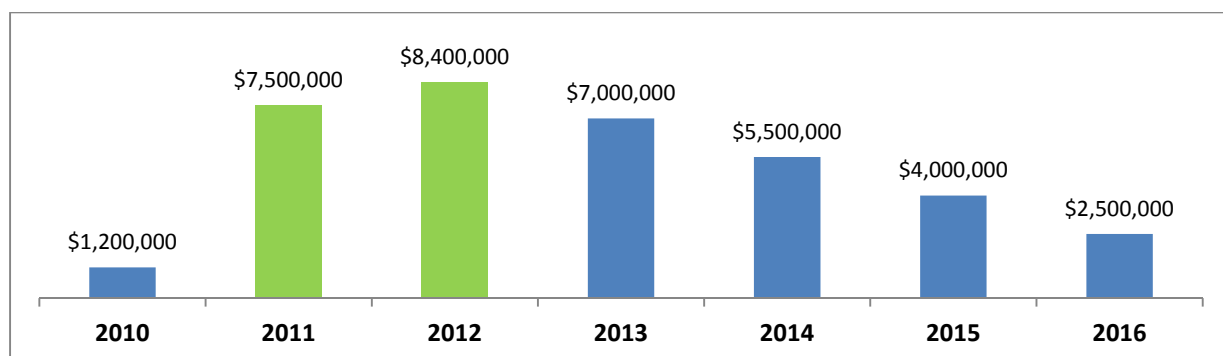
General Fund Expenditures

Changes in Expenditures (continued)

	Unrestricted Money	Restricted Money	Total
Outside Agencies			
Big Spring Partners (match)	90,000	0	90,000
Botanical Gardens - new construction	0	300,000	300,000
Sci-Quest	100,000	0	100,000
Partnership for Drug-Free Comm.	7,000	0	7,000
Sports Commission	0	19,200	19,200
Space & Rocket Center	0	30,000	30,000
Total	197,000	349,200	546,200
Transfers to Other City Funds			
Capital Improvement Fund - sales tax (1)	0	304,400	304,400
Recreation tax to Capital Improve. Fund	0	1,650,000	1,650,000
Post-Retirement Health Trust	758,797	0	758,797
Public Building Authority - debt service	1,328,800	-2,800	1,326,000
All other changes	174,465	13,621	188,086
Total	2,262,062	1,965,221	4,227,283
Fund Balance Transfers	1,106,484	-1,106,484	0
FY12 Expenditure Budget	\$178,332,423	\$52,804,980	\$231,137,403

Capital Improvement Fund – Retention (1 above)

As explained in the revenue section, City Council ordinance requires that 23.1 percent of sales tax revenue be transferred to the Capital Improvement Fund. Because of the significant effects of the recession, one response of the City was to cancel and/or defer capital projects, and restructure debt service, to create capital plan resources over time that can be retained in the General Fund to help balance the budget. The City Council approved the first transfer in 2010 for this purpose, and future budgets assume a decreasing retention, as follows:



The highlighted bars above represent a \$900,000 increase in the 2012 retention by the General Fund.

General Fund Personnel

Employees are the City's most important resource in terms of the services they provide the public, and in terms of the cost of their salaries and benefits.

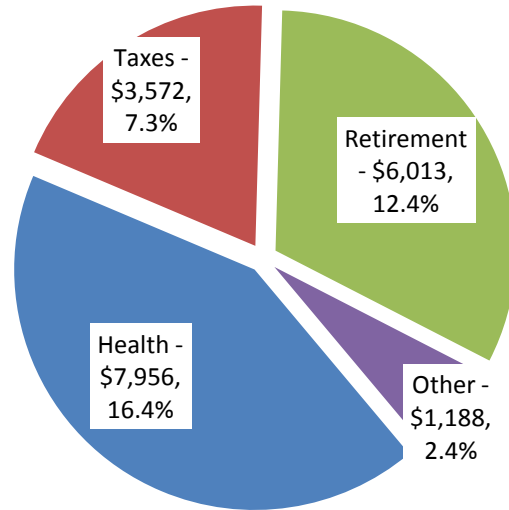
Workforce Levels

Full-time employees	1,880
Part-time employees	293
Total	2,173
Vacant positions	307
Total workforce	2,480

Cost of Salaries and Benefits

An average full-time employee will earn \$48,602 in 2012. Within this salary are hours earned by the employee or granted by the City for leave time. In addition to salary, the City must pay taxes and other costs for the employee. An illustration of these costs is shown in the chart at the right. The City's "overhead rate" as a percentage of gross salary is 38.5 percent.

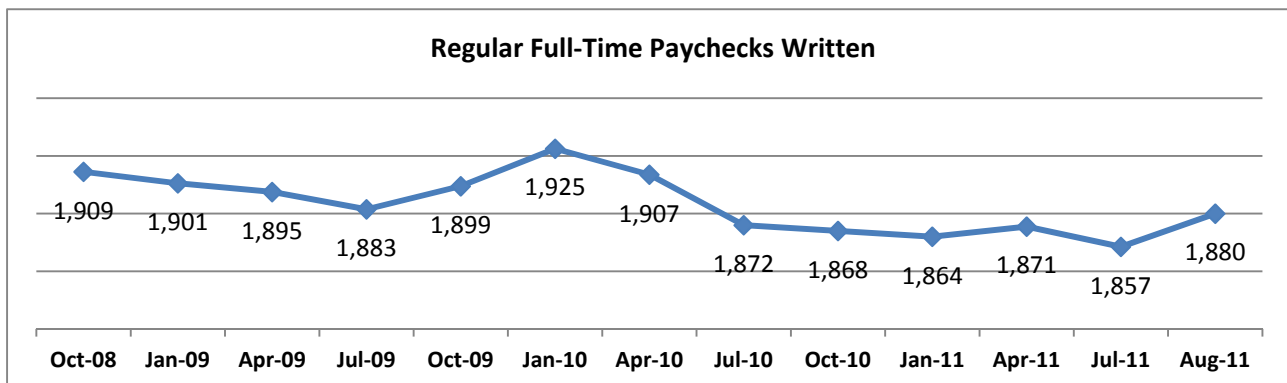
Cost of Employee Direct Benefits (38.5%)



When the value of leave benefits is considered, the City's actual "overhead rate" is 61.5 percent. In other words, for the average full-time employee, the City will pay \$41,685 for hours worked, and will pay to or for the employee's benefit \$25,645, or 61.5 percent for hours worked.

Workforce Reductions, 2008 – 2011

During the past several years, City management has been forced to reduce the number of employees working for the City, to reduce costs. No employees have been laid off – the reduction was accomplished by deleting some vacant positions, and not hiring for many vacant positions. This reduction effort is illustrated as follows:



General Fund Personnel

Workforce Changes - 2012

The following position changes will occur in 2012:

Urban Development	Director of Planning and Director of Urban Planning, restructuring the Planning Department. Delete one Assistant Director position related to the above.
Landscape Management	Add 12 vacant positions deleted in 2011, which are not funded in 2012. Delete 1 vacant position for which contractor hired. Fund temporary positions to restore primary drainage ditch maintenance (no new positions).
Municipal Court	Add 1 drug testing technician, to provide expanded services in the court, and increase revenue approximately \$168,000.
Traffic Engineering	Add 1 deputy director position.

Authorized Strength - 2012

The following shows the authorized workforce in 2012 (not including Community Development):

Department	Current	New	Delete	FY12	Budget Cost
Administration	13			13	
Animal Services	28			28	
Cemetery	23			23	
City Council	10			10	
Clerk-Treasurer	18			18	
EMA	9			9	
Engineering	45			45	
Finance	33			33	
Fire & Rescue	387			387	
Fleet Services	49			49	
General Services	83			83	
Human Resources	13			13	
Inspection	28			28	
ITS	47			47	
Landscape Management	190	12	1	201	-\$48,680
Legal	16			16	
Municipal Court	46	1		47	\$25,630
Natural Resources	7			7	
Parking	54			54	
Planning	45	2	1	46	\$124,038
Police	628			628	
Public Transit	68			68	
Public Works	256			256	
Recreation Services	181			181	
Traffic Engineering	38	1		39	\$56,079
WPC	123			123	
Grand Total	2,438	16	2	2,452	\$157,067

General Fund Departmental Expenditures

	Personnel			Operating			Capital			Total		
Department	2011 Budget	2012 Budget	Change	2011 Budget	2012 Budget	Change	2011 Budget	2012 Budget	Change	2011 Budget	2012 Budget	Change
Administration	1,288,788	1,161,736	-127,052	36,840	113,680	76,840	13,450	0	-13,450	1,339,078	1,275,416	-63,662
Animal Services	1,436,576	1,385,838	-50,738	178,140	214,510	36,370	0	0	0	1,614,716	1,600,348	-14,368
Cemetery	634,656	664,970	30,314	64,225	65,625	1,400	0	0	0	698,881	730,595	31,714
City Council	437,344	436,528	-816	28,780	28,760	-20	0	0	0	466,124	465,288	-836
Clerk-Treasurer	1,189,578	1,213,062	23,484	145,240	220,450	75,210	0	0	0	1,334,818	1,433,512	98,694
EMA	627,684	646,098	18,414	56,650	58,040	1,390	0	0	0	684,334	704,138	19,804
Engineering	3,376,396	3,069,380	-307,016	91,280	101,560	10,280	0	0	0	3,467,676	3,170,940	-296,736
Finance	2,323,622	2,350,556	26,934	234,370	270,100	35,730	0	0	0	2,557,992	2,620,656	62,664
Fire & Rescue	27,034,056	27,754,464	720,408	1,119,856	1,172,485	52,629	0	0	0	28,153,912	28,926,949	773,037
Fleet Services	2,909,144	2,799,608	-109,536	192,230	194,165	1,935	0	0	0	3,101,374	2,993,773	-107,601
General Expenses	1,714,000	1,862,000	148,000	3,331,812	3,910,408	578,596	0	0	0	5,045,812	5,772,408	726,596
General Services	3,388,956	2,906,636	-482,320	4,770,290	4,910,240	139,950	0	0	0	8,159,246	7,816,876	-342,370
Human Resources	638,270	593,542	-44,728	235,790	245,198	9,408	0	0	0	874,060	838,740	-35,320
Inspection	1,794,998	1,869,960	74,962	121,270	121,860	590	0	0	0	1,916,268	1,991,820	75,552
ITS	3,297,010	3,410,270	113,260	3,135,935	2,751,474	-384,461	0	0	0	6,432,945	6,161,744	-271,201
Landscape Mgt.	6,587,902	6,616,158	28,256	1,942,376	2,044,879	102,503	0	0	0	8,530,278	8,661,037	130,759
Legal	1,533,026	1,556,066	23,040	56,100	59,100	3,000	0	0	0	1,589,126	1,615,166	26,040
Municipal Court	2,782,824	2,819,944	37,120	178,120	214,660	36,540	0	0	0	2,960,944	3,034,604	73,660
Natural Resources	639,982	653,822	13,840	36,800	41,500	4,700	0	0	0	676,782	695,322	18,540
Parking	1,337,786	1,303,832	-33,954	300,455	321,865	21,410	0	0	0	1,638,241	1,625,697	-12,544
Planning	2,757,468	2,938,560	181,092	234,500	230,897	-3,603	0	0	0	2,991,968	3,169,457	177,489
Police	36,517,138	36,932,016	414,878	3,118,146	3,472,910	354,764	0	0	0	39,635,284	40,404,926	769,642
Public Transit	2,200,264	2,252,348	52,084	919,670	1,094,075	174,405	0	791,250	791,250	3,119,934	4,137,673	1,017,739
Public Works	11,615,148	11,831,126	215,978	5,433,481	5,806,338	372,857	0	0	0	17,048,629	17,637,464	588,835
Recreation Services	5,691,446	5,516,370	-175,076	625,835	632,382	6,547	0	0	0	6,317,281	6,148,752	-168,529
Traffic Engineering	2,084,972	2,084,235	-737	314,530	345,630	31,100	0	0	0	2,399,502	2,429,865	30,363
Grand Total	125,839,034	126,629,125	790,091	26,902,721	28,642,791	1,740,070	13,450	791,250	777,800	152,755,205	156,063,166	3,307,961

General Fund Special Appropriations

Agency	FY11 Budget	Change	FY12 Budget
CITY AGENCIES			
ALABAMA CONSTITUTION VILLAGE BOARD	\$588,060	\$66,440	\$654,500
BURRITT MUSEUM BOARD	392,760	44,240	437,000
BURRITT MUSEUM PROJECT	0	1,165,556	1,165,556
CONVENTION & VISITORS BUREAU	1,334,900	184,710	1,519,610
HUMAN RELATIONS COMMISSION OF HUNTSVILLE	900	0	900
HUNTSVILLE BEAUTIFICATION COMMITTEE	4,410	0	4,410
HUNTSVILLE MUSEUM OF ART BOARD	564,480	86,000	650,480
HUNTSVILLE PUBLIC LIBRARY BOARD	3,316,950	200,050	3,517,000
TENNIS CENTER BOARD OF CONTROL	185,130	10,270	195,400
VON BRAUN CENTER - CAPITAL	300,000	0	300,000
VON BRAUN CENTER - OPERATING	1,801,362	276,973	2,078,335
TOTAL CITY AGENCIES	8,488,952	2,034,239	10,523,191
OUTSIDE AGENCIES			
BIG SPRING PARTNERS, INC.	0	90,000	90,000
BOTANTICAL GARDENS	0	300,000	300,000
BOYS & GIRLS CLUBS OF NORTH ALABAMA (NON COMM. DEV. SHARE)	43,830	0	43,830
BUSINESS TECHNOLOGY DEVELOPMENT CENTER, INC. ("BIZTECH")	87,750	0	87,750
CHAMBER OF COMMERCE DEVELOPMENT ACCOUNT	13,140	0	13,140
CHAMBER OF COMMERCE OF HUNTSVILLE/MADISON CO.	219,330	0	219,330
CIRCLE PROJECT	26,280	0	26,280
COMMUNITY ACTION AGENCY	87,750	0	87,750
FIRST STOP, INC.	83,830	0	83,830
HEALS, INC.	21,960	0	21,960
HUNTSVILLE BOARD OF EDUCATION	18,399,800	766,400	19,166,200
HUNTSVILLE CHILD CARE CENTER, INC.	13,140	0	13,140
HUNTSVILLE COMMUNITY WATCH ASSOCIATION	21,510	0	21,510
HUNTSVILLE HOSPITAL	150,000	0	150,000
HUNTSVILLE JAYCEES	2,160	0	2,160
HUNTSVILLE SPORTS COMMISSION	219,330	19,200	238,530
HUNTSVILLE SYMPHONY ORCHESTRA	39,510	0	39,510
HUNTSVILLE/MADISON COUNTY HEALTH DEPARTMENT	1,334,700	0	1,334,700

(continued)

General Fund Special Appropriations

Agency	FY11 Budget	Change	FY12 Budget
HUNTSVILLE/MADISON COUNTY RESCUE SQUAD, INC.	4,320	0	4,320
HUNTSVILLE-MADISON COUNTY BOTANICAL GARDENS, INC.	214,380	0	214,380
HUNTSVILLE-MADISON COUNTY SENIOR CENTER, INC.	342,180	0	342,180
INTERNATIONAL SERVICES COUNCIL OF HSV./MADISON COUNTY	26,280	0	26,280
L.I.F.T. HOUSING, INC.	11,210	0	11,210
LEGAL SERVICES ALABAMA	17,550	0	17,550
MADISON COUNTY COMMISSION	2,200,000	0	2,200,000
MADISON COUNTY MENTAL RETARDATION BOARD, INC.	35,100	0	35,100
MEADOW HILLS INITIATIVE, INC.	3,960	0	3,960
MENTAL HEALTH BOARD, INC. (MENTAL HEALTH CENTER)	813,380	0	813,380
NEAVES CENTER FOR CHILDREN	123,800	0	123,800
NORTH ALABAMA AFRICAN AMERICAN CHAMBER OF COMMERCE	21,960	0	21,960
NORTH ALABAMA SCIENCE MUSEUM (SCI-QUEST)	131,580	100,000	231,580
PARTNERSHIP FOR DRUG FREE COMMUNITY, INC.	46,530	7,000	53,530
SECOND MILE DEVELOPMENT, INC.	21,960	0	21,960
THE ARTS COUNCIL, INC.	138,600	0	138,600
THE LAND TRUST OF HUNTSVILLE AND NORTH ALABAMA, INC.	60,570	0	60,570
U.S. SPACE & ROCKET CENTER FOUNDATION	45,000	30,000	75,000
UNITED CEREBRAL PALSY OF HUNTSVILLE & TENNESSE VALLEY, INC.	30,690	0	30,690
TOTAL OUTSIDE AGENCIES	25,053,070	1,312,600	26,365,670
GRAND TOTAL SPECIAL APPROPRIATIONS	\$33,542,022	\$3,346,839	\$36,888,861

General Fund Transfers to Other City Funds

Description	FY11 Budget	Change	FY12 Budget
CAPITAL IMPROVEMENT FUND			
23.1% SALES TAX TRANSFER	\$28,862,100	\$1,204,400	\$30,066,500
23.1% SALES TAX TRANSFER - RETENTION BY GENERAL FUND	-7,500,000	-900,000	-8,400,000
1% RECREATION TAX FOR CAPITAL PROJECTS	0	1,650,000	1,650,000
Total	21,362,100	1,954,400	23,316,500
COMMUNITY DEVELOPMENT FUND			
ADMINISTRATIVE COSTS	300,000	0	300,000
CODE ENFORCEMENT	1,050,000	0	1,050,000
Total	1,350,000	0	1,350,000
DEBT SERVICE FUND			
2003A WARRANTS – RECREATION PROJECTS	487,256	712	487,968
2005A WARRANTS – VBC 1996 RENOVATION	1,522,000	0	1,522,000
2005C WARRANTS - EARLY WORKS	100,000	0	100,000
2007A WARRANTS – VBC RENOVATION (Phase 1)	203,378	267	203,645
2010A WARRANTS - FIRE TRUCKS	530,014	43,486	573,500
2010A WARRANTS – JAIL SUPPLEMENT	840,403	-2,421	837,982
2010A WARRANTS – VBC RENOVATION (Phase 2)	427,380	12,642	440,022
Total	4,110,431	54,686	4,165,117
GAS TAX FUND - STREET-LIGHTING SUBSIDY	1,154,300	133,400	1,287,700
POST-RETIREMENT HEALTH TRUST	2,744,500	758,797	3,503,297
PUBLIC BUILDING AUTHORITY - 2007A DEBT	3,236,762	1,326,000	4,562,762
GRAND TOTAL TRANSFERS	\$33,958,093	\$4,227,283	\$38,185,376

Special Revenue Fund

Overview

The Special Revenue Fund accounts for most of the City's restricted revenue, money that must be spent for specific purposes, particularly revenue restricted by state law. The fund is actually a collection of smaller funds the City uses to track each restricted revenue and how it is spent. The components of the Special Revenue Fund are explained below.

Detailed Fund Budgets

	FY11 Budget	Change	FY12 Budget
4/5 Cent Gas Tax Fund			
The State distributes state gas tax revenues according to a formula, which must be spent on the construction and maintenance of local roadways.			
Revenues			
STATE 4 CENT GAS TAX	\$959,500	\$9,600	\$969,100
STATE 5 CENT GAS TAX	303,000	3,000	306,000
Expenditures			
STREET RESURFACING	-1,262,500	-12,600	-1,275,100
FUND TOTAL	0	0	0

6.5 Mill School Tax Fund			
Property tax levied by the City Council, as authorized by state law and with voter approval in 1985, which is restricted for any school purpose. Much of the revenue is used to pay debt service on school building debt issued by the City on behalf of Huntsville City Schools.			
Revenues			
6.5 MILL SCHOOL PROPERTY TAX	16,148,000	396,000	16,544,000
FUND BALANCE			137,436
Expenditures			
HUNTSVILLE BOARD OF EDUCATION	-3,638,600	66,000	-3,572,600
DEBT SERVICE FUND	-15,286,674	2,177,838	-13,108,836
FUND TOTAL	-2,777,274	2,639,838	0

6.5 Mill Tax Fund			
Property tax levied by the City Council, as authorized by state law, restricted for the payment of debt service.			
Revenues			
6.5 MILL PROPERTY TAX	13,620,000	1,235,000	14,855,000
Expenditures			
DEBT SERVICE FUND	-13,620,000	-1,235,000	-14,855,000
FUND TOTAL	0	0	0

(continued)

Special Revenue Fund

	FY11 Budget	Change	FY12 Budget
7 Cent Gas Tax Fund	0	0	0
The State distributes state gas tax revenues according to a formula, which must be spent on the maintenance of local roadways.			
Revenues			
STATE 7-CENT GAS TAX	1,838,200	18,400	1,856,600
STATE INSPECTION FEE	52,500	500	53,000
GENERAL FUND TRANSFER	1,154,300	133,400	1,287,700
Expenditures			
STREET LIGHTING	-3,045,000	-152,300	-3,197,300
FUND TOTAL	0	0	0

TIF 2 Fund			
A Tax Increment Financing District established in 2000, to provide resources for the construction of public improvements to enhance retail development, and rebuild Huntsville High School. Property taxes within the geographic TIF boundary are restricted for repayment of debt issued for TIF projects.			
Revenues			
PROPERTY TAXES	881,409	88,103	969,512
CAPITAL IMPROVEMENT FUND TRANSFER	0	0	160,000
FUND BALANCE	0	0	238,227
Expenditures			
DEBT SERVICE FUND	-1,210,650	2,911	-1,207,739
FUND TOTAL	-329,241	91,014	160,000

TIF 3 Fund			
A Tax Increment Financing District established in 2000, to provide resources for the construction of school buildings in west Huntsville, and roadways related to those. Property taxes within the geographic TIF boundary are restricted for repayment of debt issued for TIF projects.			
TIF 3 will have collected enough property taxes in 2012 such that the TIF will end, and debt can be retired early in fiscal years 2012 through 2014.			
Revenues			
PROPERTY TAXES	10,800,000	-6,039,000	4,761,000
FUND BALANCE	0	14,420,059	14,420,059
Expenditures			
DEBT SERVICE FUND	-1,767,569	-1,313	-1,768,882
PROPOSED EARLY DEBT RETIREMENT (a)	0	-17,412,177	-17,412,177
FUND TOTAL	9,032,431	(9,032,431)	0

(continued)

Special Revenue Fund

	FY11 Budget	Change	FY12 Budget
TIF 3A Fund			
A Tax Increment Financing District established in 2001, to provide resources for the construction of public improvements in an north Huntsville industrial park, and improve eight northwest Huntsville schools. Property taxes within the geographic TIF boundary are restricted for repayment of debt issued for TIF projects.			
Revenues			
PROPERTY TAXES	1,927,000	16,022	1,943,022
Expenditures			
DEBT SERVICE FUND	-1,518,947	-19,542	-1,538,489
FUND TOTAL	408,053	-3,520	404,533

TIF 4 Fund			
A Tax Increment Financing District established in 2006, to provide resources for the rebuilding of Lee High School, construction of a variety of public facilities in downtown Huntsville, and northeast Huntsville road improvements.. Property taxes within the geographic TIF boundary are restricted for repayment of debt issued for TIF projects.			
Revenues			
PROPERTY TAXES	1,206,830	63,795	1,270,625
CAPITAL IMPROVEMENT FUND TRANSFER	0	0	500,000
FUND BALANCE	0	0	651,549
Expenditures			
DEBT SERVICE FUND	-1,920,174	-2,000	-1,922,174
FUND TOTAL	-713,344	61,795	500,000

TIF 5 Fund			
A Tax Increment Financing District established in 2010, to provide resources for the construction of public infrastructure on the U.S. Army's Redstone Arsenal, in support of new office park primarily for federal government contractors. Property taxes within the geographic TIF boundary are restricted for repayment of debt issued for TIF projects.			
Financing for TIF projects is provided by loans from the commercial developer, which are secured by future property taxes from the development and which are not general obligations of the City. There are not adopted budget figures for TIF 5. Budgets are established when additional project funds are required and loans are provided by the developer.			
Revenues			
NONE	0	0	0
Expenditures			
NONE	0	0	0
FUND TOTAL	0	0	0

(continued)

Special Revenue Fund

	FY11 Budget	Change	FY12 Budget
SUMMARY OF ALL FUNDS			
Revenues			
6.5 MILL PROPERTY TAX	13,620,000	1,235,000	14,855,000
6.5 MILL SCHOOL PROPERTY TAX	16,148,000	396,000	16,544,000
PROPERTY TAXES	14,815,239	-5,871,080	8,944,159
STATE 4 CENT GAS TAX	959,500	9,600	969,100
STATE 5 CENT GAS TAX	303,000	3,000	306,000
STATE 7-CENT GAS TAX	1,838,200	18,400	1,856,600
STATE INSPECTION FEE	52,500	500	53,000
GENERAL FUND TRANSFER	1,154,300	133,400	1,287,700
CAPITAL IMPROVEMENT FUND TRANSFER	0	660,000	660,000
FUND BALANCE	0	15,447,271	15,447,271
TOTAL	48,890,739	12,032,091	60,922,830
Expenditures			
DEBT SERVICE FUND	-35,324,014	922,894	-34,401,120
PROPOSED EARLY DEBT RETIREMENT (a)	0	-17,412,177	-17,412,177
HUNTSVILLE BOARD OF EDUCATION	-3,638,600	66,000	-3,572,600
STREET LIGHTING	-3,045,000	-152,300	-3,197,300
STREET RESURFACING	-1,262,500	-12,600	-1,275,100
TOTAL	-43,270,114	-16,588,183	-59,858,297
NET BUDGET	\$5,620,625	-\$4,556,092	\$1,064,533

(a) As of October 1, 2011, the proposed early debt retirement for TIF 3 will not occur in fiscal year 2012 as noted above. The debt in question is callable on November 1, 2013, and the City will not refinance this in advance as the budget proposed, since the refinancing does not meet City policy requirements. TIF 3 will have sufficient cash on hand in 2012 to pay the debt service through the call date, and the TIF will still terminate in 2012.

Capital Improvement Fund

Overview

The City established a Ten-Year Capital Improvement Plan (“CIP”) in 1990, to help allocate resources over time for the construction of public infrastructure, incentivize and support City growth and development, and maintain key infrastructure. The CIP is updated at least once a year during the annual budget process.

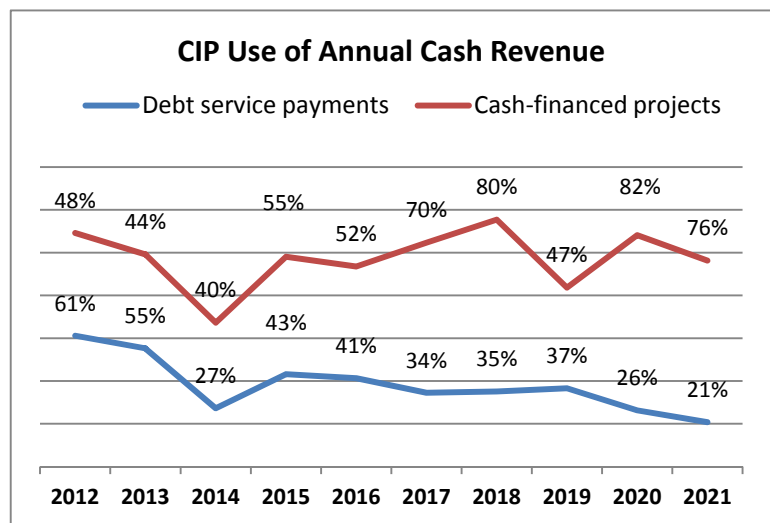
The Capital Improvement Fund is the City fund used to account for the CIP activity. Revenue consists primarily of the 23.1 percent sales tax transfer from the General Fund, a 6.5 mill property tax, and debt issued every three to four years for capital projects.

CIP Budget Risk

The City makes significant commitments when it commences expensive infrastructure projects, and when it issues debt for those projects that is supported by the City’s good faith and credit (“general obligation debt”). As explained in the General Fund Revenues section, sales tax can be highly variable, and it is a significant source of CIP revenue.

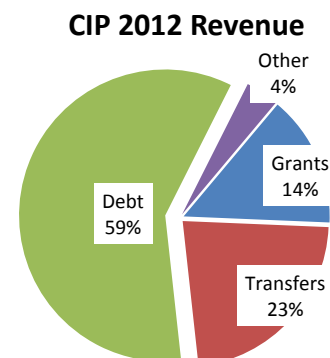
To reduce the City’s budget and financial risk in the CIP, City management does the following:

- Uses a long-term, constant rate of growth for sales taxes that is capped at 2.0 percent, regardless of actual experience above that (the CIP is adjusted if any forecast/actual growth is less than 2.0 percent).
- Balances the amount of debt issued with projects financed with cash, so that long-term debt service will not exceed about 40% of annual revenue (see above chart).
- For future debt issues, uses an interest rate that exceeds past actual interest rates.
- Maintains cash reserves in the CIP that can sustain significant revenue shortfalls.
- Places high value on maintaining high credit ratings, because the good management practices inherent in such ratings help protect the City from financial risk.



Capital Plan – 2012 to 2014

The City plans to issue debt in 2012 for various capital projects, and will spend this money over a three-year period. The significant projects are highlighted, along with all CIP details, on the following pages.



Capital Improvement Fund

Significant Capital Projects – 2012 to 2014

The City will spend about \$115 million on numerous capital projects from 2012 to 2014. About sixty percent of this will be spent on the projects shown at the right, those costing \$2 million or more. The significant project changes since the 2011 CIP are as follows:

Project	Change
800MHZ Radio System Conversion (radios)	\$3,500,000
Capshaw Road Ph I	-\$2,200,000
Downtown Gateway Road	\$2,640,000
Fire Station 18 (Greenbrier) truck & equip.	\$565,000
Fire Station 19 (Taylor Road) truck & equip.	\$565,000
Fire Station 19 (Taylor Road/Green Mountain) (add \$)	\$300,000
Greenbrier Road Ph 2	\$4,400,000
Holiday Drive	\$2,310,000
Martin Road - ALDOT	\$7,150,000
North Public Safety Precinct (add \$)	\$1,400,000
Old Highway 20 Ph1	\$3,000,000
Other fleet (2012)	\$1,000,000
Sanitation trucks (2012)	\$4,000,000
Street Resurfacing (2012)	\$1,950,000

Debt Plans – 2012 to 2014

The City plans to issue the following CIP debt through 2014, to finance the above projects:

Project debt, 20-year, 2012	\$54,901,000
Equipment debt, 5-7-year, 2012	6,130,000
Total - 2012	61,031,000
Equipment debt, 5-year, 2013	3,500,000
Refinance 2008 debt, 9 years, 2014	6,460,000
Grand Total	\$70,991,000

Borrowing rates for local governments are at the lowest level in over forty years, especially for highly-rated borrowers like Huntsville. The City will likely refinance older debt when new debt is issued in 2012 as shown above.

Major CIP Projects 2012 - 2014

Project	3-Year Cost
800MHZ Radio System Conversion (radios)	\$3,500,000
Beadle Lane	\$4,575,000
Downtown Gateway Road	\$7,190,000
Drainage - improvements program	\$2,800,000
Drainage - prioritized projects	\$4,500,000
Economic development projects	\$3,030,050
Greenbrier Road Ph 2	\$8,950,000
Holiday Drive	\$2,310,000
Martin Road - ALDOT	\$14,000,000
Martin Road - Redstone Arsenal (City)	\$12,000,000
McDonnell property purchase	\$2,000,000
Old Highway 20 Ph 1	\$4,188,000
Sanitation trucks	\$4,000,000
Street Resurfacing	\$6,700,000
Traffic improvement program	\$2,100,000

CIP Financial Reserves

As explained under "CIP Budget Risk" above, the City maintains financial reserves in the Capital Improvement Fund, to help protect long-term plans and commitments from financial crises.

The CIP cash reserves are designed to absorb significant revenue shortages and help with unforeseen cost "emergencies," both of which give City lenders greater confidence in the City.

The CIP is based on 2.0 percent growth in sales tax. If sales tax actually declines 4.0% in 2012, as occurred in 2009, and climbs to 3.0% after three years, the City would not have to make adjustments to projects until 2017.

CIP Reserve balances: 2012 - \$6.8 million
2013 - \$6.3 million

(the following pages provide all CIP details)

Capital Improvement Fund - Details

Funding Descrip.	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Summary										
Revenue										
<u>Annually-Recurring</u>										
Sales tax transfer from General Fund	\$21,374,700	\$23,370,300	\$25,477,600	\$27,597,100	\$29,729,100	\$32,873,600	\$33,531,000	\$34,201,600	\$34,885,600	\$35,583,200
Lease revenue	485,000	485,000	485,000	485,000	485,000	311,667	225,000	225,000	225,000	225,000
Subtotal	21,859,700	23,855,300	25,962,600	28,082,100	30,214,100	33,185,267	33,756,000	34,426,600	35,110,600	35,808,200
<u>Debt-Related</u>										
Capital project debt	54,901,000	0	6,460,000	84,098,000	0	0	46,250,000	0	0	5,250,000
Fleet & equipment debt	6,130,000	3,500,000	0	0	0	0	0	0	0	0
Subtotal	61,031,000	3,500,000	6,460,000	84,098,000	0	0	46,250,000	0	0	5,250,000
<u>Other</u>										
Prior year funds	2,666,249	0	0	0	0	0	0	0	0	0
ALDOT Agreement	15,000,000	0	0	0	0	0	0	0	0	0
1% Lodgings Tax-Recreation	1,650,000	0	0	0	0	0	0	0	0	0
Property sales	3,300,000	0	0	0	0	0	0	0	0	0
Subtotal	22,616,249	0	0	0	0	0	0	0	0	0
Total Revenue	105,506,949	27,355,300	32,422,600	112,180,100	30,214,100	33,185,267	80,006,000	34,426,600	35,110,600	41,058,200
Expenditures										
Projects	63,156,050	22,320,000	30,025,000	58,748,000	31,340,000	41,985,000	61,850,000	25,934,543	30,499,035	28,800,000
Debt service - Capital Fund										
Existing debt service	24,352,589	22,117,060	21,921,796	23,655,403	14,656,903	14,657,670	14,669,603	14,672,212	11,862,020	10,421,792
Proposed new debt service	2,019,850	4,039,700	4,494,129	8,322,679	11,696,799	11,696,799	13,552,409	15,408,019	15,408,019	15,618,656
Capital lease payments	538,100	1,639,700	2,021,800	2,021,800	2,021,800	1,483,700	563,500	0	0	0
Less paid by 6.5 Mill Taxes	-14,855,000	-15,924,000	-16,205,000	-16,691,000	-17,192,000	-17,708,000	-18,239,000	-18,786,000	-19,350,000	-19,931,000
Net Debt Service	12,055,539	11,872,460	12,232,725	17,308,882	11,183,502	10,130,169	10,546,512	11,294,231	7,920,039	6,109,448
PBA Lease (Capital Fund portion)	1,309,000	1,309,000	1,309,000	1,309,000	1,309,000	1,309,000	1,309,000	1,309,000	1,309,000	1,309,000
TIF Reserves	660,000	660,000	660,000	410,000	410,000	410,000	285,000	285,000	285,000	-90,000
Total Expenditures	77,180,589	36,161,460	44,226,725	77,775,882	44,242,502	53,834,169	73,990,512	38,822,774	40,013,074	36,128,448
Net	28,326,360	-8,806,160	-11,804,125	34,404,218	-14,028,402	-20,648,902	6,015,488	-4,396,174	-4,902,474	4,929,752
Beginning Balance	9,448,824	37,775,184	28,969,024	17,164,899	51,569,117	37,540,715	16,891,813	22,907,301	18,511,127	13,608,653
Ending Balance	37,775,184	28,969,024	17,164,899	51,569,117	37,540,715	16,891,813	22,907,301	18,511,127	13,608,653	18,538,405

Capital Improvement Fund - Details

Funding Descrip.	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sources of CIP Funding										
SALES TAX TRANSFER FROM GENERAL FUND										
23.1% of total sales tax in the General Fund is transferred to the Capital Fund each year.										
Rate of growth	0	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Full allocation	29,774,700	30,370,300	30,977,600	31,597,100	32,229,100	32,873,600	33,531,000	34,201,600	34,885,600	35,583,200
Adjustments retained by General Fund	(8,400,000)	(7,000,000)	(5,500,000)	(4,000,000)	(2,500,000)	0	0	0	0	0
Amount	Annual	21,374,700	23,370,300	25,477,600	27,597,100	29,729,100	32,873,600	33,531,000	34,201,600	34,885,600
BIG SPRINGS PARTNERS, INC. LEASE										
The City purchased the Holiday Inn Select Hotel land in 2006. Big Springs Partners, Inc. is leasing the property for 10 years, which pays interest on the related debt.										
Amount	Annual	260,000	260,000	260,000	260,000	260,000	86,667	0	0	0
EMBASSY SUITES PARKING GARAGE LEASE										
The City began receiving an annual payment for 25 years on 10/1/06. This payment is used to pay for the portion of the VBC-Summitt garage expansion not paid with other funds.										
Amount	Annual	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000
NEW DEBT ISSUED - CAPITAL PROJECTS										
The City issues debt for capital projects every 3-4 years, based on affordability, to finance more expensive infrastructure projects. Other debt may be issued to finance special projects, or to refinance other debt.										
Amount	Debt	54,901,000	0	6,460,000	84,098,000	0	0	46,250,000	0	5,250,000
NEW DEBT ISSUED - FLEET & EQUIPMENT										
The City may periodically purchase equipment using short-term lease-purchase arrangements. This is the amount of financing arranged for such purchases.										
Amount	Lease	6,130,000	3,500,000	0	0	0	0	0	0	0
PRIOR YEAR FUNDS										
Money budgeted for projects in prior years may be allocated to other projects in the current CIP, or uncommitted funds may be available. This amount represents the total of these funds.										
Amount		2,666,249								
ALDOT - MARTIN ROAD AGREEMENT										
ALDOT will provide funding for local street projects so that the City can fund Martin Road Improvements on Redstone Arsenal.										
Amount	ALDOT	15,000,000	0	0	0	0	0	0	0	0

Capital Improvement Fund - Details

	Funding Descrip.	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1% LODGINGS "RECREATION" TAX SURPLUS											
The 1% lodgings tax for recreation projects has a current surplus. This surplus represents a one-time allocation to fund recreation projects and reduce the burden on other Capital Plan resources.											
Amount	RecTax	1,650,000	0	0	0	0	0	0	0	0	0
PROPERTY SALES											
The City expects to restructure the John Hunt Park property, with voter approval, and possibly sell land for the expansion and improvement of recreation facilities.											
Amount	PropSales	3,300,000									

Capital Improvement Fund - Details

Funding Descrip.		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Project Details											
(projects may appear in duplicate due to different funding sources)											
Street Construction											
Airport Road	Annual					4,000,000					
Airport Road	Debt					1,000,000					
Balch Road Ph II	Debt		400,000		3,950,000						
Beadle Lane	Debt	4,575,000									
Browns Ferry Road	Annual									10,000,000	
Capshaw Road Ph I	Debt	300,000	500,000		6,000,000	2,100,000					
Capshaw Road Ph II	Debt							10,000,000			
Downtown Gateway Road	Debt	440,000	2,000,000	4,750,000	800,000						
Garth Road Widening	Debt				600,000						
Garth Road Widening	Annual						3,000,000				
Green Mountain Road	Debt					2,000,000					
Greenbriar Road Ph 2	Debt	300,000	1,250,000	7,400,000							
Greenbriar Road Ph 3	Debt	200,000			3,000,000	7,200,000					
Greenbriar Road Ph 4	Debt							10,000,000			
Holiday Drive	Debt	1,600,000	710,000								
Martin Road - ALDOT	ALDOT	14,000,000									
McDonald Boulevard	Debt							1,500,000			
Northern Bypass	Debt		600,000								
Old Big Cove Road	Annual						2,000,000				
Old Highway 20 Ph1	Debt	748,000	440,000	3,000,000							
Old Madison Pike - ALDOT	ALDOT	1,000,000									
Old Monrovia Road	Annual						5,000,000				
Slaughter Road	Debt							3,000,000			
Swancott Road	Debt				5,250,000			6,000,000			
Terry Drake Road	Annual							2,000,000			
Wall Triana Highway Ph I	Debt				3,623,000						
Whitesburg Drive	Debt		400,000	1,050,000					8,000,000		
Zierdt Road Ph I	Debt	1,000,000									
Zierdt Road Ph II	Debt			1,800,000	3,500,000						
Other Street Projects											
STP 20% Match	Debt	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000
Repair & Reconst 2-Ln	Annual	250,000									
Repair & Reconst 2-Ln	Debt		895,000		1,000,000	500,000	500,000	500,000	500,000	500,000	500,000
Street Resurfacing	Annual	3,200,000	3,200,000	3,200,000	3,500,000	3,500,000	3,500,000	3,750,000	3,750,000	3,750,000	4,000,000
Street Resurfacing, reduction	Annual		(1,700,000)	(1,200,000)	(800,000)	(500,000)	(200,000)				
Street Maintenance	Annual	500,000	500,000	500,000	500,000	500,000	500,000	750,000	750,000	750,000	750,000
Traffic Improvements											
Annual Traffic Improvement Program	Annual	700,000	700,000	700,000	700,000	700,000	700,000	600,000	600,000	600,000	600,000
Traffic Calming	Annual	200,000	200,000	200,000							
Controllers & LED Upgrades	Annual	200,000	200,000	200,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000

Capital Improvement Fund - Details

Funding Descrip.		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Bridge Rehab. & Replacement											
Annual Bridge Program	Annual	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Franklin, Madison Gallatin Bridge Replacement	Debt				4,000,000						
Hobbs Island Bridge Replacement	Annual							6,000,000			
Total Streets/Traffic/Bridges		30,113,000	11,195,000	22,500,000	36,773,000	22,150,000	16,900,000	45,250,000	17,634,543	19,699,035	22,000,000
Drainage											
Drainage Prioritized Projects	Annual	1,500,000	1,500,000	1,500,000	2,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Drainage Maintenance	Annual	250,000	250,000	250,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Annual Improvements Program	Annual		1,400,000	1,400,000	1,800,000	1,400,000	1,400,000	1,400,000	1,600,000	1,600,000	1,600,000
Watershed Study/Improvements	Annual		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Brogan Branch	Debt				4,850,000						
Huntsville Spring Branch	Annual	600,000						5,000,000			
Total Drainage		2,350,000	3,350,000	3,350,000	9,350,000	3,600,000	3,600,000	8,600,000	3,800,000	3,800,000	3,800,000
Sidewalks											
Sidewalk Projects-Engineering	Annual	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Sidewalk Projects-PWS	Annual	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Sidewalks		300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Economic Development											
General Projects	Annual	910,050	1,210,000	910,000	910,000	910,000	1,500,000		1,500,000	1,500,000	
Sewell Property Option	Annual	300,000	300,000								
Martin Road - Redstone Arsenal	Debt	12,000,000									
Downtown Redevelopment											
Belk Hudson Lofts Agreement	Annual	90,000	90,000	90,000	90,000	90,000					
Streetscape Improvements	Annual	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total Economic Development		13,800,050	2,100,000	1,500,000	1,500,000	1,500,000	2,000,000	500,000	2,000,000	2,000,000	500,000
Recreation											
Recreation Prioritized Projects	Annual	103,000	225,000	225,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Recreation Prioritized Projects	Surplus	122,000									
Recreation Facilities Maintenance	Annual	125,000	125,000	125,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Goldsmith-Schiffman Sanctuary	Annual	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Hays Preserve	Annual	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Playground Equipment	Annual	100,000	100,000	100,000	100,000	125,000	125,000	75,000	75,000	75,000	75,000
Greenways/Bike Paths	Annual		500,000	500,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Greenways/Bike Paths	Surplus	500,000									
Open Space Acquisition	Debt	500,000	500,000	500,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Brahan Spring Miracle League Improvements	RecTax	160,000									
Brahan Spring Multi-Purpose Field	RecTax	500,000									
Brahan Spring Soccer Lighting (2)	RecTax	600,000									

Capital Improvement Fund - Details

	Funding Descrip.	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Brahan Spring Special Needs Splash Pad	RecTax	100,000									
Capshaw Recreation Center	Debt					1,540,000	4,935,000				
Cove Park Soccer Fields	Surplus	447,000									
Cove Park Soccer Fields	RecTax	290,000									
Goldsmith-Schiffman Baseball Fields	Surplus	290,000									
Goldsmith-Schiffman Baseball Fields	Surplus	186,000									
John Hunt Park Improvements	PropSales	1,300,000									
Martin Road Sports Complex	Debt			500,000	5,000,000						
McDonnell Property Purchase	PropSales	2,000,000									
MsDcnnell School Gymnasium	Annual									2,500,000	
Natatorium - New	Debt				500,000		12,000,000	2,500,000			
Optimist Park Improvements	Debt	665,000									
Total Recreation		8,073,000	1,535,000	2,035,000	7,385,000	3,450,000	18,845,000	4,360,000	1,860,000	4,360,000	1,860,000
Community Projects											
Comm. Dev. HOME Program	Annual	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Library Book Purchases	Annual	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Neighborhood Revitalization	Annual							1,500,000			
West Huntsville Elementary School Purchase	Annual							1,000,000			
Total Community Projects		300,000	300,000	300,000	300,000	300,000	300,000	2,800,000	300,000	300,000	300,000
Public Safety											
800MHZ Radio System Conversion (radios)	Lease		3,500,000								
Emergency Warning Sirens	Annual	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Fire Station (Chase Area)	Annual				1,600,000						
Fire Station (Highway 72/Limestone County)	Annual				1,500,000						
Fire Station 18 (Greenbrier) truck & equip.	Lease	565,000									
Fire Station 19 (Taylor Road) truck & equip.	Lease	565,000									
Fire Station 19 (Taylor Road/Green Mountain) (add)	Debt	300,000									
North Public Safety Precinct (add \$)	Debt	1,400,000									
Police Storage Building (reappropriate)	Debt	350,000									
Total Public Safety		3,220,000	3,540,000	40,000	3,140,000	40,000	40,000	40,000	40,000	40,000	40,000
Other Projects											
Garbage Trucks	Lease	4,000,000									
Other Fleet	Lease	1,000,000									
Total Other		5,000,000	0	0	0	0	0	0	0	0	0
Grand Total All Projects		63,156,050	22,320,000	30,025,000	58,748,000	31,340,000	41,985,000	61,850,000	25,934,543	30,499,035	28,800,000

Capital Improvement Fund - Details

Funding Descrip.	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Service - Capital Fund Portion										
Existing Debt Service										
2002A	2,128,412	2,131,500	0	0	0	0	0	0	0	0
2002E	2,246,888	0	0	0	0	0	0	0	0	0
2005A	3,487,700	3,480,288	3,482,338	3,483,525	1,237,900	1,243,275	0	0	0	0
2005C	4,148,300	4,162,500	4,166,750	10,665,500	3,908,750	3,911,000	3,917,000	3,921,250	3,923,500	3,928,500
2008A	884,799	891,158	6,588,877	0	0	0	0	0	0	0
2009A	9,481,862	9,480,238	5,091,283	5,093,832	5,092,459	5,090,363	5,094,207	5,092,148	2,279,008	2,279,870
2010A	1,202,350	1,201,600	1,820,850	3,640,050	3,645,450	3,641,650	4,883,850	4,887,050	4,886,550	3,439,750
2010B	556,834	554,332	556,254	557,052	556,900	555,938	559,102	556,320	557,518	558,228
2010C	215,444	215,444	215,444	215,444	215,444	215,444	215,444	215,444	215,444	215,444
Total	24,352,589	22,117,060	21,921,796	23,655,403	14,656,903	14,657,670	14,669,603	14,672,212	11,862,020	10,421,792
Proposed Debt Service										
2012 issue	2,019,850	4,039,700	4,039,700	4,039,700	4,039,700	4,039,700	4,039,700	4,039,700	4,039,700	4,039,700
2013 issue		0	0	0	0	0	0			
2014 issue			454,429	908,858	908,858	908,858	908,858	908,858	908,858	908,858
2015 issue				3,374,121	6,748,241	6,748,241	6,748,241	6,748,241	6,748,241	6,748,241
2018 issue							1,855,610	3,711,220	3,711,220	3,711,220
2021 issue										210,637
2024 issue										
Total	2,019,850	4,039,700	4,494,129	8,322,679	11,696,799	11,696,799	13,552,409	15,408,019	15,408,019	15,618,656
Proposed Leases										
2012 leases - fire trucks		181,400	181,400	181,400	181,400	181,400	181,400			
2012 leases - all other fleet	538,100	1,076,200	1,076,200	1,076,200	1,076,200	538,100				
2013 leases - 800MHZ radios		382,100	764,200	764,200	764,200	764,200	382,100			
Total	538,100	1,639,700	2,021,800	2,021,800	2,021,800	1,483,700	563,500	0	0	0

Capital Improvement Fund - Details

Funding Descrip.	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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TIF Reserves

The City has borrowed money for TIF 2, TIF 3A and TIF 4 projects, and structured the repayment to minimize the interest cost to the City. When the debt was issued, tax collections from the TIFs were expected to be below the desired debt service initially, so Plans were to use Capital Improvement Fund (CIF) money to pay the difference, as necessary. Taxes will eventually exceed debt requirements and the CIF will be reimbursed from the TIF revenues, which will occur at different times for each TIF.

Since CIF money will be used to make loans to the TIFs, the Capital Improvement Plan budget must reflect that this money, or a portion of it, is not available to pay for other needs. Also, and more importantly, each TIF has unique risks that its tax collections will not meet City projections. Because of these two factors, a reserve is made in the budget each year. The City's risks will be better understood or eliminated as tax collections are received each year, so as this occurs, the annual reserve will be reduced and used for other budget needs. Comments about each TIF in this regard are shown below.

TIF 2 - HUNTSVILLE HIGH SCHOOL DEBT

TIF 2 (HHS) revenue is growing at a modest amount given the mostly-developed nature of the district, so there is low risk of unforeseen circumstances, which the City can respond to well in advance, without making significant Capital Plan adjustments. The reserve amount is generally the amount of the advances made since the advance amount is not available for other needs.

TIF reserve	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000
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TIF 3A

TIF 3A tax collections currently cover debt service, but there is considerable risk associated with significant tax assumptions after 2012, although some may be mitigated with development in the large district that was not projected when the TIF was established. Nonetheless, it is necessary to build a reserve until the tax assumptions in 2012 and beyond can be proven.

TIF reserve	0	0	0	0	0	0	0	0	0	0
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TIF 4

TIF 4 has growing tax collections, and the taxes are estimated to exceed debt service in 2016. There is moderate risk of projection error since some significant tax assumptions were made. The annual reserve covers debt service advances and projection risk.

TIF reserve	500,000	500,000	500,000	250,000	250,000	250,000	125,000	125,000	125,000	(250,000)
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Outstanding Debt of the City

The City issues debt to finance the construction of long-term capital projects. Some debt is issued as "general obligation" debt, or debt that is backed by the full faith and credit of the City. Other debt is "revenue" debt, or debt that is backed exclusively by certain revenue of the City; holders of this debt must rely on the adequacy of the revenue supporting the debt.

A summary of all the outstanding debt of the City and the Public Building Authority of the City of Huntsville is as follows:

	Original Issue Amount	Outstanding 10/1/11 (a)
Capital Projects		
2002A	\$42,130,000	\$3,965,000
2002E	18,685,000	2,145,000
2003C	6,525,000	4,790,000
2005A	72,485,000	19,790,000
2005C	56,905,000	46,270,000
2007A	2,647,145	2,375,747
2008A	8,955,000	7,660,000
2009A	66,838,000	53,887,666
2010A	50,390,000	49,900,000
2010B	25,695,000	25,325,000
2010C	7,520,000	7,520,000
Capital Projects Total	358,775,145	223,628,413
Schools (b)		
2002F	23,465,000	3,940,000
2003C	12,540,000	9,190,000
2009B	71,745,000	63,120,000
2010A	7,140,000	6,690,000
2010B	25,200,000	24,110,000
Schools Total	140,090,000	107,050,000
TIFs		
2003C	34,890,000	17,365,000
2005C	11,165,000	10,565,000
2007A	29,320,000	28,190,000
2010A	16,770,000	16,280,000
2010D	11,695,000	11,115,000
TIFs Total	103,840,000	83,515,000

(continued)

Outstanding Debt of the City

The City issues debt to finance the construction of long-term capital projects. Some debt is issued as "general obligation" debt, or debt that is backed by the full faith and credit of the City. Other debt is "revenue" debt, or debt that is backed exclusively by certain revenue of the City; holders of this debt must rely on the adequacy of the revenue supporting the debt.

A summary of all the outstanding debt of the City and the Public Building Authority of the City of Huntsville is as follows:

	Original Issue Amount	Outstanding 10/1/11 (a)
(continued from previous page)		
Sewer System (c)		
1996SRF (d)	19,110,000	8,495,000
2002D	35,795,000	5,940,000
2003B	19,485,000	1,575,000
2006SRF (d)	16,000,000	12,920,000
2007A	17,122,855	14,999,253
2008SRF (d)	5,000,000	4,455,000
2009A	13,132,000	12,287,334
2010A	17,235,000	17,140,000
2010ASRF (d)	9,755,000	9,030,000
2010B	11,595,000	11,595,000
2010BSRF (d)	10,330,000	9,460,000
2010CSRF (d)	9,830,000	8,995,000
2010DSRF (d)	8,990,000	8,390,000
Sewer System Total	193,379,855	125,281,587
Public Building Authority (e)		
2007PBA (d)	86,415,000	84,625,000
Public Building Authority Total	86,415,000	84,625,000
Grand Total All Debt	\$882,500,000	\$624,100,000

(a) After payments due on October 1st, which are made by the City in the prior fiscal year.

(b) Paid with 6.5 Mill school property tax.

(c) Paid with Water Pollution Control Fund revenue (sewer charges).

(d) Revenue-backed debt, not a general obligation of the City.

(e) Includes debt issued in 1996, 2002 and 2007 to build and expand the entire municipal justice complex and jail.

Repayment of City Debt

The City generally issues debt to be repaid over a twenty-year period. Some debt associated with specific projects or revenue, such as the Public Building Authority jail debt or TIF projects debt may be repaid over longer periods, with "balloon maturities," or special lump-sum payments built into the repayment schedule to allow for early payoff if revenue allows.

The principal repayment of all City debt by budget year is as follows:

Budget Year	Capital Projects	Schools	TIFs (b)	Sewer System	PBA (c)	Grand Total	Total Paid (a)
2012	\$18,938,375	\$9,170,000	\$2,800,000	\$10,941,625	\$1,820,000	\$43,670,000	7.0%
2013	17,609,052	8,052,500	2,882,500	11,965,948	1,905,000	\$42,415,000	13.8%
2014	18,949,729	6,887,500	17,187,500	12,370,271	1,990,000	\$57,385,000	23.0%
2015	20,808,185	5,322,500	1,947,500	12,836,815	2,085,000	\$43,000,000	29.9%
2016	12,232,088	5,482,500	2,017,500	13,342,912	2,180,000	\$35,255,000	35.5%
2017	12,682,099	5,637,500	2,327,500	8,287,901	2,280,000	\$31,215,000	40.5%
2018	13,224,447	4,970,000	2,475,000	6,990,553	2,385,000	\$30,045,000	45.3%
2019	13,795,239	5,137,500	2,572,500	7,254,761	2,495,000	\$31,255,000	50.4%
2020	11,625,812	5,330,000	3,275,000	7,529,188	2,625,000	\$30,385,000	55.2%
2021	10,668,494	5,552,500	3,412,500	5,371,506	2,745,000	\$27,750,000	59.7%
2022	11,120,957	5,792,500	3,557,500	4,469,043	2,875,000	\$27,815,000	64.1%
2023	8,188,418	6,040,000	3,715,000	3,686,582	3,015,000	\$24,645,000	68.1%
2024	8,538,992	5,585,000	3,175,000	3,821,008	3,165,000	\$24,285,000	72.0%
2025	8,423,125	4,875,000	3,310,000	3,981,875	3,325,000	\$23,915,000	75.8%
2026	4,731,924	5,065,000	3,455,000	4,128,076	3,495,000	\$20,875,000	79.1%
2027	4,929,283	5,285,000	3,600,000	3,185,717	3,675,000	\$20,675,000	82.5%
2028	5,132,194	5,520,000	2,820,000	2,562,806	3,855,000	\$19,890,000	85.6%
2029	4,755,000	5,755,000	2,940,000	1,755,000	4,040,000	\$19,245,000	88.7%
2030	1,535,000	1,590,000	3,075,000	800,000	4,250,000	\$11,250,000	90.5%
2031	4,700,000		3,230,000		4,470,000	\$12,400,000	92.5%
2032	4,930,000		1,430,000		4,695,000	\$11,055,000	94.3%
2033	1,125,000		1,505,000		4,935,000	\$7,565,000	95.5%
2034	1,170,000		1,580,000		5,185,000	\$7,935,000	96.8%
2035	1,220,000		1,660,000		5,435,000	\$8,315,000	98.1%
2036	1,270,000		1,740,000		5,700,000	\$8,710,000	99.5%
2037	1,325,000		1,825,000			\$3,150,000	100.0%
Grand Total	\$223,628,413	\$107,050,000	\$83,515,000	\$125,281,587	\$84,625,000	\$624,100,000	

(a) The cumulative amount paid from the budget year through this year.

(b) Assumes the early retirement of TIF 3 debt (2003C) in 2014.

(c) Includes debt issued in 1996, 2002 and 2007 to build and expand the entire municipal justice complex and jail.

Total City Debt Service

Total principal repayment on existing City debt is shown on the previous page.

To responsibly plan for all debt service of the City over time, the City's long-term capital planning includes an evaluation of all debt the City plans to issue over the next ten years. This planned debt is noted in the Capital Improvement Plan schedule, and is also part of the Ten-Year Sewer System Capital Improvement Plan.

The total principal and interest payments on existing debt, and all debt currently planned for issue over the next ten years, is as follows:

Budget Year	Existing City Debt (a)			Planned Future Debt (b)			Grand Totals			Debt Service % (c)	
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest
2012	\$43,670,000	\$25,471,165	\$69,141,165	\$1,747,480	\$1,577,520	\$3,325,000	\$45,417,480	\$27,048,685	\$72,466,165	62.7%	37.3%
2013	42,415,000	23,700,404	66,115,404	4,034,825	3,178,675	\$7,213,500	46,449,825	26,879,079	73,328,904	63.3%	36.7%
2014	50,925,000	20,477,493	63,662,493	4,799,530	3,250,499	\$8,050,029	55,724,530	23,727,992	71,712,522	77.7%	33.1%
2015	36,500,000	18,649,031	61,649,031	6,536,023	5,342,556	\$11,878,579	43,036,023	23,991,587	73,527,610	58.5%	32.6%
2016	35,255,000	16,971,539	52,226,539	8,064,221	7,188,478	\$15,252,699	43,319,221	24,160,017	67,479,238	64.2%	35.8%
2017	31,215,000	15,703,645	46,918,645	7,856,797	6,857,802	\$14,714,599	39,071,797	22,561,447	61,633,244	63.4%	36.6%
2018	30,045,000	14,484,235	44,529,235	7,967,381	7,682,628	\$15,650,009	38,012,381	22,166,863	60,179,244	63.2%	36.8%
2019	31,255,000	13,274,534	44,529,534	8,464,487	8,477,632	\$16,942,119	39,719,487	21,752,166	61,471,653	64.6%	35.4%
2020	30,385,000	11,906,121	42,291,121	8,854,881	8,087,238	\$16,942,119	39,239,881	19,993,359	59,233,240	66.2%	33.8%
2021	27,750,000	10,647,117	38,397,117	9,342,869	7,809,887	\$17,152,756	37,092,869	18,457,004	55,549,873	66.8%	33.2%
Average										70.2%	29.9%

(a) Amounts for existing debt have been modified as follows:

- Assumes the early retirement of TIF 3 debt (2003C) on in 2014.
- Excludes \$6.4 million 2008A maturity in 2014, which will be refinanced and is included in Planned Future Debt.
- Excludes \$6.5 million 2005C maturity in 2015, which will be refinanced and is included in Planned Future Debt.

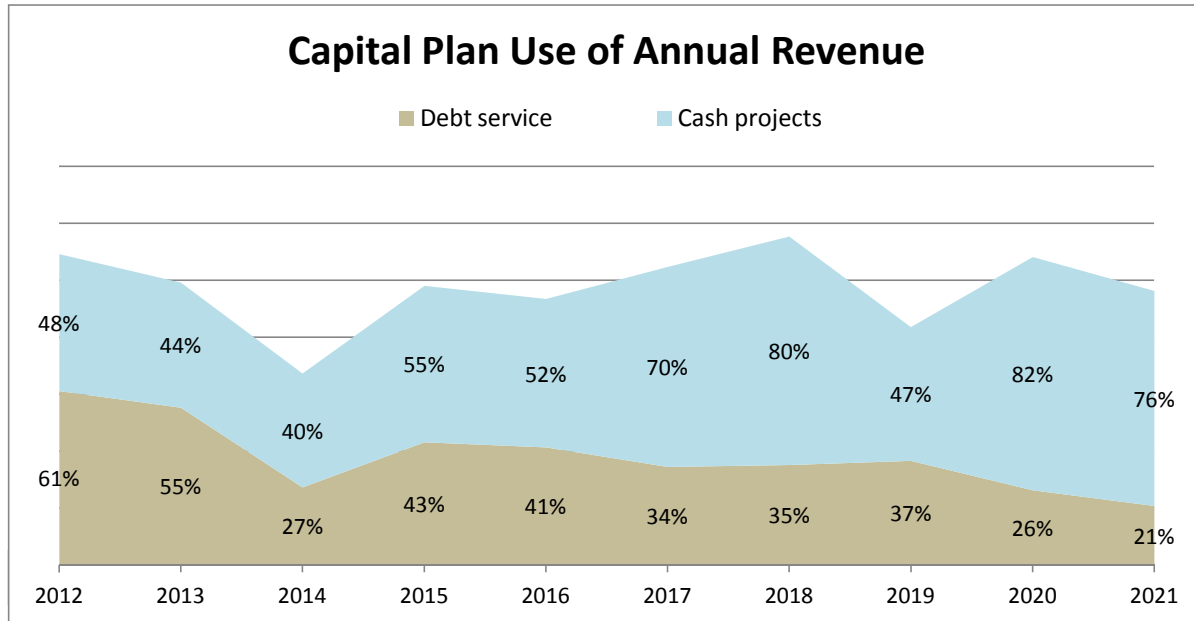
(b) Only includes Capital Plan and Sewer System Plan debt, not any new Huntsville City Schools debt.

(c) Percentage of debt service for principal and interest each year. Total amounts are for entire period of repayment.

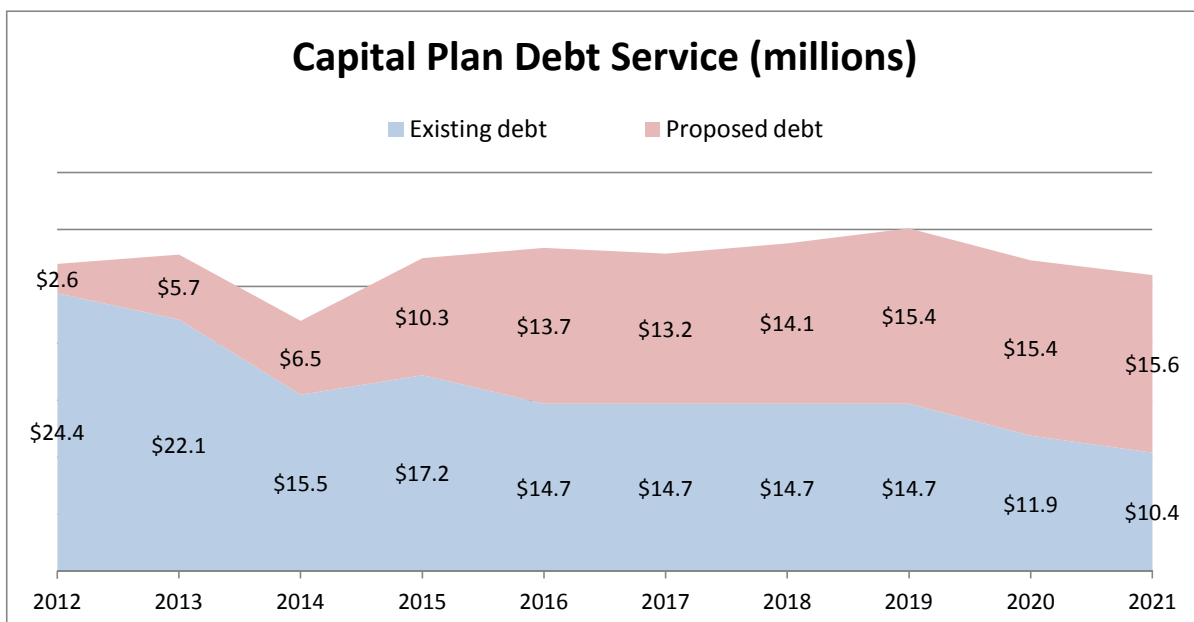
Capital Improvement Plan Debt Service

To assist in an understanding of how the City manages its debt, several illustrations are useful.

In the Capital Improvement Plan, the City relies on sales and property taxes to pay debt service. The amount of debt paid from sales tax is particularly subject to budget risk due to volatility. The City's long-term plans have been to reduce the amount of sales tax used to pay debt service, i.e. borrowing less, and pay directly for more projects. The amount of sales tax revenue in the Capital Plan used to pay debt service and for projects is illustrated as follows:



The amount of annual debt service attributable to existing debt and debt the City plans to issue in the future is illustrated as follows (note that debt service stays mostly level over the ten-year period):



Acknowledgements

This budget document was prepared by the City of Huntsville Finance Department. To request additional information about this budget or other City financial information, contact:

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Other City financial information may be found on the City's website, at:

www.HuntsvilleAL.gov/finance

The Finance Department thanks the staff of the Mayor's office for their contributions to this document, and also thanks Mr. Thomas A. Swain, Finance's 2011 summer intern, for his ideas and development of the City's new budget presentation.